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ABSTRACT

This packet presents results of a series of attitude surveys representing a variety of purposes, methods and defined publics. They range from a simple questionnaire prepared and mailed to a small group of key individuals by a public relations staff to scientifically derived surveys purchased from Louis Harris and Associates and other research organizations. The packet contains the following documents: "Attitudes of Prospective Trust Customers," by the American Bankers Association; "Knowing the Consumer Better," by Thomas L. Harris; "Attitudes of Employees toward the Metropolitan Crusade of Mercy," by the Community Fund of Chicago; "Chief Executive Officer Study," by the Metropolitan Crusade of Mercy of Chicago; "A 1975 Survey of Investment Community Attitudes toward Northwest Industries, Inc.," by Albert Walker; "Report on San Francisco, Los Angeles, Boston, and Chicago Surveys," by Northwest Industries, Inc.; "Executive Profile--A Study of Subscribers to the Wall Street Journal," by Erdos and Morgan, Inc.; "Businessmen's Attitudes toward Commercial Insurance," by Louis Harris and Associates; and "A Public Opinion Survey for the North Central Florida Regional Planning Council on the Effect of a Mass Media Campaign to Promote Use of Carpooling and Mass Transit," by a class at the University of Florida. (TJ)

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# Attitude Surveys
# Document Sampler

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1978

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# Introduction

An important public relations function is to determine the attitudes of target audiences toward the organization, its policies and programs. The public relations function also is responsible for determining the attitudes of publics in regard to other social issues in which the organization has a stake. Consequently, a great amount of time, effort and resources of the public relations function deals with surveying the opinions of a variety of target audiences.

This packet of documents contains a series of surveys assembled for their variety of purposes, methods and defined publics. They range from a simple questionnaire prepared and mailed by the public relations staff to a small group of key individuals to scientifically derived surveys purchased from Louis Harris and Associates, and other research organizations, which have been released to the public.

This packet contains the following documents:

Attitudes of Prospective Trust Customers, by the American Bankers Association

Knowing the Consumer Better, by Thomas L. Harris

Attitudes of Employees Toward the Metropolitan Crusade of Mercy, by the Community Fund of Chicago

Chief Executive Officer Study, by the Metropolitan Crusade of Mercy of Chicago

A 1975 Survey of Investment Community Attitudes toward Northwest Industries, Inc., by Dr. Albert Walker

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Businessmen's Attitudes toward Commercial Insurance, by Louis Harris and Associates

# A Public Opinion Survey for the North Central Florida Regional Planning Council on the Effect of a Mass Media Campaign to Promote Use of Carpooling and Mass Transit, by University of Florida, College of Journalism and Communication Class in Public Opinion Theory and Advertising

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Compiler
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# ATTITUDES OF PROSPECTIVE TRUST CUSTOMERS

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# FOREWORD

The Trust Division is pleased to make available this report. It is based on an analysis of opinion surveys which Burns W. Roper, President of the Roper Organization, Inc., presented before the 52nd Midwinter Trust Conference at The Waldorf-Astoria, New York City, on February 9, 1971.

A pioneering survey was done for Pittsburgh National Bank in 1968 under the leadership of Executive Vice President William J. Copeland who is also chairman of the Trust Division's Committee on Relations with the Public and Business Development. This was followed by surveys commissioned at the initiative of the following trustmen in four banks: James P. Baxter, senior vice president, First National Bank of Chicago; Chalkley J. Hambleton, president, Harris Trust and Savings Bank, Chicago; George A. Hopiak, senior vice president and senior trust officer, Wells Fargo Bank, N.A., San Francisco; and Frederick C. Rozelle, Jr., vice president, First National Bank of Boston. We are indebted to these banks for so generously making their survey results available to us.

We express appreciation also to the members of our Committee on Relations with the Public and Business Development for their active support and encouragement of this project. In addition to Mr. Copeland they are: A. Cleaver Bolton, vice president, Bank of Delaware, Wilmington; C. Randolph Everest, senior vice president and trust officer, North Carolina National Bank, Greensboro; Dee L. Frost, senior vice president, Iowa-Des Moines National Bank; John H. Holder, senior vice president and general trust officer, South Carolina National Bank, Columbia; James E. Mandler, vice president, Harris Trust and Savings Bank, Chicago; John E. Park, vice president and director of trust marketing, Detroit Bank and Trust; L. Baldwin Passano, senior vice president, First Pennsylvania Bank, Philadelphia; Frederick G. Rogers, vice president, The Fidelity Bank, Philadelphia; and Fred L. Rush, trust officer, First National City Bank, New York.

Among those committee members, special thanks go to Dee L. Frost for providing the survey results from Iowa where he served as chairman of an ad hoc Trust Survey Committee of the Iowa Trust Association which conducted a statewide survey.

We are sure the information derived from these surveys will be interesting and useful to trustmen and will enable us better to serve our potential markets.

RICHARD P. BROWN
*President*, Trust Division
The American Bankers Association

# INTRODUCTION

The Committee on Relations with the Public and Business Development of the Trust Division of The American Bankers Association asked Burns W. Roper to analyze and present the results of five surveys at the Midwinter Trust Conference in New York City on February 9, 1971. Each of the five surveys was commissioned by a different bank or group of banks for the purpose of determining the attitudes of likely trust customer prospects towards banks and trust departments. One of the five studies was conducted by the Stelter Company in conjunction with Batten, Batten, Hudson & Swab. The other four were conducted by Roper Research Associates, Inc., with which Mr. Roper was associated until July 1970.

What follows is the full transcript of Mr. Roper's presentation to the Midwinter Trust Conference plus an appendix which contains the questions and detailed results on which Mr. Roper's talk is based. The text of his talk is annotated to include references to the appropriate tables in the appendix. The tables in the appendix are based on the combined results of the Boston, Chicago and San Francisco studies—except where specifically noted otherwise. The percentage results on each table read vertically unless specifically noted otherwise. Except in four instances where it is of no significance, the exact wording of the questions asked is shown. The tables also indicate the number of respondents who were asked the question, as well as whether the question was asked of all respondents in this study, or some particular subgroup of the sample. In some cases percentages total to *far more* than 100 per cent because respondents were permitted to give multiple answers. In other cases the percentages total to *slightly more* or *slightly less* than 100 per cent because the computer rounded off individual percentages to the nearest whole per cent.

# TRUST OPINION SURVEYS
# FINDINGS AND SIGNIFICANCE

Exactly three years and three days ago, here in The Waldorf-Astoria I talked to some of you who are here today about researching the market for trust services. At that time I said I had done almost nothing in the area of research on trust services or for trust companies. I ventured the opinion that I suspected very little had been *done* in the way of researching the trust market by trust companies or trust departments of banks. When I said that I meant consumer interview surveys of the type our firm does. The only research I was then able to speak of in the area of trust services was a quickly put together survey I had conducted among ten men prior to that talk and solely for the purpose of that talk.

In the last three years and three days I am happy to report that you—and I—have come a long way in surveying the market for and attitudes towards trust services. In the summer of 1968, William J. Copeland, on behalf of Pittsburgh National Bank, commissioned the firm of which I was then president, Roper Research Associates, to conduct a study among Pittsburgh National Bank's trust customers and trust prospects. A year and a half later, thanks in no small part to the many kind things Mr. Copeland said about that survey, the Old Colony Trust Company in Boston,* Harris Trust and Savings Bank and First National Bank in Chicago, and Wells Fargo in San Francisco commissioned Roper Research Associates to do similar studies in those three metropolitan areas—Boston, Chicago, and San Francisco. At about the same time—a year ago—the Iowa Trust Association commissioned another but similar study in the State of Iowa which was conducted by the Stelter Company in conjunction with Batten, Batten, Hudson & Swab.

So in three years we have come from one feeble non-representative ten-man survey to five full-fledged major studies, done in four metropolitan markets, and one entire state. Together the Pittsburgh, Boston, Chicago, San Francisco and Iowa studies total 1,300 interviews.

## BASIC DESIGN

Before taking a look at what these five studies tell us, let me quickly review the basic design of the studies so that you will have a better frame of reference for judging the meaning of the results I am going to report. The five studies were similar but not identical. All five employed face-to-face interviews; all five samples were designed to represent the likely or potential market for trust services—for the most part, men with incomes in excess of $25,000 and net worths in excess of $100,000; in four of the five, high economic level areas were selected as the source of respondents; in Pittsburgh, the respondents were selected from lists of prospects supplied by Pittsburgh National Bank—prospects though, not customers. However, in the conduct of these studies, a certain number of trust customers of the sponsoring bank were also interviewed. In all five studies a structured questionnaire was used to insure uniformity of interview content. But only in Boston, Chicago and San Francisco were the questionnaires identical. However, since Pittsburgh National Bank made its questionnaire available to all concerned, and since the basic purposes of all five studies were common, there is a high degree of comparability, if not uniformity, among the five studies.

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* Since merged into First National Bank of Boston.

I should add a further word about the Boston-Chicago-San Francisco studies. They were conducted as a cooperative undertaking—which had several advantages. Not only did this permit a bank to know about its *own* market, but also to have comparative data about *other* markets. The strengths, weaknesses and image of the sponsoring bank were obtained in the course of the interview, but these data were made available only to the sponsoring bank and thus competitive intelligence was kept secure. By jointly sharing development and certain other costs, important savings in the price each bank paid were also effected.

## BROAD CONCLUSIONS

Now for what we have learned from these five studies. Three years ago I offered some very tentative suggestions about trust services and the trust market based on my admittedly inconclusive ten-man survey. I am happy to report that these five recent studies indicate that my ten-man survey was not too far off the mark, and thus did not mislead you. In addition to reporting the results of this ten-man survey, I also posed some additional questions that I did not ask to which I would like to have the answers. Today I can give you fairly solid answers to most of these questions. Moreover, I can answer a few more questions that hadn't occurred to me but which did occur to the banks that sponsored these studies.

Before getting into specifics let me give you some broad conclusions to which these five studies point:

> It is quite clear from these studies that trust companies or trust departments of banks are seen as being less performance oriented than either brokerage houses or investment banking firms in their investment policies and records. They are seen as not having terribly competent personnel in the investment field. They are viewed as treating their customers impersonally and at arm's length. They are not a person's first thought or even his second or third thought as the one to appoint as executor of his estate. Their function and the services they perform are not well understood. The reasons for a trust are not well understood. As a result, a relatively small percentage of this group of people have trusts, but among those who *do,* trust departments and trust companies are very strong relative to other competitive kinds of trustees. Related to this executor-trustee function is the fact that most of the people interviewed are complacently happy with, or else reluctant to admit the inadequacies of, their wills and the way their estates will be administered. Moreover, trusts are seen as tying up one's money and taking all decision powers away from the customer or his heirs. It seems apparent, to me at least, that this concept of a trust tying up your money so that you have no say over it is part of what causes people to feel that trust companies are rigid and impersonal on the financial management side.
>
> On the positive side, integrity and safety are seen as your assets. The cost of your service is not seen as exorbitant or as an important obstacle to using you. Contrary to what my ten interview survey suggested, most of the people in this "higher than $25,000 a year and $100,000 asset" group do *not* feel that their accounts would be too small to interest a trust company. The vast majority of this potential market group feels a very distinct need for investment guidance and expertise. But this is a need for guidance, expertise and help, *not* control or the assumption of all decision making powers.

That is sort of a quick, undocumented "overview" of the perception of trust companies, their services and their performance by this "upwards of $25,000 a year and upwards of $100,000 of assets" group. With this overview in mind, let me now get to some specific points that I think you may find interesting in and of themselves, and that will also document this overview. Except where I note otherwise, any figures I quote will be from the Boston, Chicago, San Francisco studies—the composite results of all three cities. I am using these results rather than the Pittsburgh National Bank or Iowa results because when these three cities are combined they comprise the largest sample and hence most stable figures. They also constitute the broadest representation—east, midwest, and west coast—and, moreover, in talking about this composite of three, I am not revealing any competitive information that relates to one particular market.

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## INVESTMENT MANAGEMENT

Of the people interviewed, 88 per cent said they did not have their investments professionally managed (See Appendix, Table 1). This 88 per cent were asked who they would turn to if they did want professional management and the 12 per cent were asked who does manage their investments (See Table 2). Investment banks and brokerage houses led the preference lists with 27 per cent naming them. Banks or trust companies were second at 22 per cent, followed closely by investment counseling firms at 21 per cent. Lawyers, relatives, and CPAs were also rans. The people who did not pick a bank—and that was most of them—were then asked (Table 3) why not a bank or trust company? The number one answer (19 per cent) was too conservative. In second place, cited by 16 per cent, was not enough personal contact or attention from a bank. Third was they are not that competent, 10 per cent. Fourth was they are generalists, not specialists, also 10 per cent. I said earlier that the costs of your services were not a deterrent. Only 4 per cent cited cost as a reason for not using a bank or trust company, which made this cost objection rate seventh on the list—well behind too conservative, too impersonal, and not that competent.

This same group of people—those who would pick someone other than a bank for professional management of their investments—were also asked to look down a list of positive reasons for using a bank and to call off the ones they personally regarded as advantages of a bank (Table 4). The number one reason named by 35 per cent was "investments would be safe and prudent." By contrast, the number *ten* reason, named by only 5 per cent, was "investments would assure growth."

On the subject of competence, respondents were asked where they would expect each of six different types of people to go to work (Table 5). For each type of person they had a choice of an investment banking house, a manufacturing firm, a trust company or trust department, or into business for themselves. I will describe each type of person asked about and give you the percentage of respondents who said that person would go to work at a trust company or trust department rather than into one of the other kinds of businesses. Fourteen per cent said that a young lawyer who graduated near the *top* of his class would go to work for a trust company or trust department. By contrast, 23 per cent said a young lawyer who graduated near the *bottom* of his class would go to work for a trust company or trust department. Only 13 per cent said a really capable

CPA looking for a challenge and a high income would go to work for a trust company. But 22 per cent said an accounting graduate from a junior college would. Seventeen per cent said a smart young MBA from a top university would go to work for a trust company, whereas 27 per cent said that a college graduate with a good social background and personality but only modest business ability would go to work for a bank or trust company.

The perception of conservatism and rigidity, but safety and integrity, is revealed by four questions asked in the Pittsburgh study (Table 6). Respondents were asked to assume they had inherited $100,000 and that they didn't want to manage it themselves. They were then asked to whom they would commit this $100,000 for each of several different purposes. The choices they were given were a stockbroker, mutual funds, an investment banking house, or a trust department or trust company. First they were asked what they would do if they were looking for growth or appreciation and trust companies or trust departments were fourth out of four, with 13 per cent naming them. For dividend income, trust departments were second, with 22 per cent naming them. For safety, trust departments were first, with 63 per cent naming them. When asked which of the four would give respondents the least amount of flexibility and access to their assets, trust companies were also first—really last—with 42 per cent naming them.

In the Boston-Chicago-San Francisco studies, any respondents who indicated that they would not use a bank for investment management were given a list of reasons for not using a bank and asked to call off the main reasons (Table 7). Only 25 per cent said because their assets were not enough; of the eight negatives among which respondents had a choice, this reason was sixth. Corroborating this is the fact that only 28 per cent said their assets were less than what they think a bank would consider a worthwhile account (Table 9), whereas 53 per cent said their assets were more than the minimum amount that would interest a bank. Whether respondents' appraisals are accurate is another question, for 28 per cent said they thought a bank would be interested in an account with assets of less than $50,000 (Table 8). This at least indicates that respondents are not avoiding trust companies on the assumption that trust companies wouldn't be interested in them.

## ESTATE MANAGEMENT

So much for the investment management side of the coin. Now for some of the findings and documentation with respect to the estate side. Only 80 per cent of the people interviewed have wills (Table 10). Of those who have wills, 70 per cent have named their wife or relative or other individual as executor; and most of that 70 per cent have named their wife (Table 11). The next most frequently designated executor, after a wife, relative or other individual, is a lawyer, designated by 30 per cent. This is followed by a bank or trust company, designated by 22 per cent.

Only 40 per cent of the people interviewed have designated a trustee for their estate (Table 10). While the percentage who have designated a trustee is rather low, banks have a very high share of this market. Of those who have designated a trustee, 54 per cent have designated a bank or trust company as trustee or co-trustee (Table 11).

Despite the fact that 20 per cent don't have a will, that only 40 per cent have designated a trustee, and that most people have named their wife or some other presumably untrained person as executor, 54 per cent of all the people interviewed described themselves as "highly satisfied" with the arrangements they have made for handling their estates (Table 12). And another 24 per cent described themselves as "moderately satisfied"—nearly eight out of ten who are basically satisfied. The significance of this figure becomes more apparent when contrasted with the fact that only six out of ten are basically satisfied with their investments in stocks and bonds.

Those who have not established a trust were asked whether they plan to establish a trust in the future—and most do not (Table 13). When asked why not, the biggest single reason was that they did not want to tie up their estate, given by 39 per cent (Table 14). Twenty-eight per cent said their estate was not large enough. The focus here was not that the estate was not large enough to interest a bank, but rather that the estate wasn't large enough to bother setting up a trust. The third reason for not planning to set up a trust was that the respondent was not clear on the reasons for, or advantages of, a trust, cited by 21 per cent. Down the list of reasons, and again emphasizing that cost is not the problem, only 13 per cent said that they did not plan to set up a trust because it costs too much.

I think the above figures give evidence that this "upward of $25,000 a year and $100,000 asset" prospect group has a hazy or uncertain understanding of trusts. Another question provides a more direct measure of respondents' understanding of trusts—or lack of it. Respondents were asked *directly* whether they felt they had a "fairly complete understanding" of what trusts are and can do, or "only a partial understanding," or whether they are something "you frankly know little about" (Table 15). The smallest group—18 per cent—felt they had a fairly complete understanding. The next smallest group—36 per cent—said they had only a partial understanding. Nearly half—46 per cent—said trusts are something they frankly know little about.

## INVESTMENT GOALS

Earlier I mentioned that these studies provided answers to certain questions I had not thought of three years ago. Let me review for you some of these findings. On the subject of investments, respondents were asked what their investment goals or priorities were (Table 16). Some people have dual goals, and so the percentages I am about to cite add to more than 100 per cent. Fifty-five per cent are oriented towards long-term capital gains; 27 per cent are oriented towards special situations providing tax shelter; 19 per cent seek maximum dividend income; and 19 per cent are primarily concerned about short-term gains.

In a previous discussion of these studies which took place in Las Vegas and was reported in the September 23 issue of *The American Banker*, a comment was made to the effect that respondents' descriptions of banks as being too conservative were inconsistent with their stated interest in long-term capital gains. I don't think this is necessarily true. Some of the people who expressed interest in long-term capital gains may have meant appreciation over a 20-year period, but undoubtedly many of these people were interpreting long-term capital gains as meaning more than six months rather than less than six months—particularly since short-term capital gains was one of the items on the list of objectives which were asked about.

## TRUST PROMOTION

The Iowa study asked three questions not touched on by any of the other four studies. Respondents in the Iowa study were asked if a trust department of a bank had ever contacted or solicited them with respect to the services a trust department provides; whether the respondents were receiving any literature through the mail from a bank's trust department; and whether the respondents had ever visited the trust department of a bank to discuss their services

(Table 17). Two of these questions give us some measure of how aggressively banks—at least the banks in Iowa—are pursuing this prospect group. Twenty-one per cent reported that they had been solicited by a bank but the rest had not; 34 per cent reported that they were receiving literature about trust services from a bank; 36 per cent reported they had visited a trust department to discuss the services it offers. In other words, roughly two-thirds of these people have neither initiated contact with a trust department nor been sought out by a bank's trust department.

In this respect, the results of another question asked in the Boston-Chicago-San Francisco studies are interesting. Respondents were asked how interested they would be if their own bank offered a series of investment meetings, either at lunch or at some other time, where experts could bring them up to date on investments and where they could ask questions of these experts (Table 18). A quarter of the respondents said they would "definitely" be interested, another quarter said they would "probably" be interested. The remaining half either were not interested or were not sure they were interested. In light of the relatively low contact people have had with trust services as revealed by the Iowa study, in light of the fact that only 12 per cent in the Boston-Chicago-San Francisco studies report having their investments professionally managed by anyone, and in light of the fact that only one-third use any kind of service of a trust department or company (Table 19), the percentages expressing interest in attending investment luncheons or seminars may represent a promising promotional possibility.

To this point I have tried to give you both broad generalizations as well as some of the specific points that can be extracted from these five studies. The question now arises as to how much the findings of these five studies can be projected to the entire nation or to any specific other community. This is a question that I don't feel I can answer with any precision. If there were *no* differences in the results obtained from one of these studies to another, then I think it would be fairly safe to say you can take these results back to your bank and use them with reasonable confidence with respect to your own community. But there *are* differences. I don't mean that the Iowa results point due North, the San Francisco results point due South, and the Pittsburgh results point due East. In a general way, all five studies point in the same direction. Nevertheless, there are differences that could have an important significance for a given bank in a given territory. From the Pittsburgh study to the Iowa study to the other three studies it is particularly hard to assess

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these differences, for there are also differences in the methodology, the timing, and the organizations which conducted these three sets of studies.

## COMPARISONS

The most directly comparable studies are the Boston, Chicago and San Francisco studies—done at the same time, by the same organization, using the same questionnaire and, as nearly as possible, the same survey methodology. But there are differences in results even among these three studies. Again, not day and night differences, or North and South differences, but differences that could be significant for a given bank in a given location. Let me illustrate these differences with one example. Banks rate worst *both* on the investment side and on the estate side in Boston (Table 20). Banks rate best on the investment side in Chicago, and on the estate side in San Francisco. And the differences in ratings are quite large. Why?

At first blush there would seem to be any one of three explanations. One: there is something funny about Bostonians!! Two: banks don't perform as well in absolute terms in Boston as they do in either Chicago or San Francisco. Three: it's *not* that *banks* perform differently in the three cities, but that there is more, or more effective, competition to banks in Boston than in the other two cities.

Maybe one or more of these possible explanations is the answer, but I am not sure. My puzzlement over these differences caused me to dig into the data a little further.

I found that there are three and a half times as many respondents with annual incomes in excess of $50,000 in Chicago as in Boston; and two and a half times as many in San Francisco as Boston (Table 21). The lowest income is in Boston, where there was also the lowest rating of banks in terms of managing investments.

The assets or net worths that people report in these three areas also show interesting differences—and correlations (Table 22). Two and a half times as many people in San Francisco as in Boston report a net worth more than $300,000. One and a half times as many in Chicago as in Boston report such a net worth. San Francisco is highest on net worth, and that is where banks rate best on the executor-trustee counts.

Moreover, in terms of age, the youngest of the three samples was in Boston, which could explain both their lowest earnings and lowest assets (Table 23). The oldest group was in San Francisco, which could explain their highest net worth. These age and income differences could well explain the seemingly poor performance of Boston banks on both sides of the coin, the top rating of banks in Chicago on the investment side, and the top rating of banks in San Francisco on the estate side.

Without having a nationwide study with a significantly larger sample size which would permit detailed subgroup analyses, and which would permit controlling one set of variables while analyzing the effect of others, I cannot be sure that this is the explanation. But if it is, then it seems to me to suggest banks have been concentrating on "the cream" and, in addition, that the greater one's exposure to a bank as a result of this concentration, the higher a person's opinion of a bank.

You may wonder why the Boston sample is so different in age and economic terms in view of the fact that the same organization, using essentially the same methodology, conducted all three studies. The difference, I believe, stems from the fact that Old Colony Trust wanted the interviewing conducted in the *suburban* Boston area. In San Francisco and Chicago, high percentages of the interviews were done in the central city. Since reasonably prosperous people who have kids tend to live in the suburbs, whereas prosperous people without kids or with children who have grown up are more inclined towards the city, this difference could explain both the lower age and the lower wealth of the Boston sample, despite the essentially similar methods used for selecting respondents within the communities in which interviewing was conducted.

## ACTION ROUTES

So much for what these five studies show. What do they suggest by way of opportunities or action programs for trust companies or trust departments of banks? Obviously, broader and larger data would help clarify some of the puzzlements in this data and thus help to answer more precisely the indicated opportunity and action possibilities. Nevertheless, I think these five studies indicate certain action routes fairly strongly. I say this as a researcher clearly, not as a banker. You, as experts in banking, may not feel these "action routes" make sense or are feasible.

First, in terms of the long-term future rather than immediate, this-year business, it seems to me that banks could well promote their trust services to a younger, less affluent group than they now cultivate.

I would guess the best approach to make to this group would be on the investment management side rather than on the estate side. I say this for several reasons. For one, all respondents in these studies appear better satisfied on the estate side than on the investment side. Whether they *should* feel better satisfied in view of the arrangements they have made is another question. But they do. Secondly, the data suggest that younger people are far more investment oriented than estate oriented. Thirdly, wooing them when they are young may help to keep them from getting committed to the stockbroker and mutual fund salesman who is also out to woo them when they are young.

Suggesting emphasis on the management side of the coin brings me to a second opportunity area revealed by these studies—the idea of experimenting with a series of investment seminars or luncheons, in which one-quarter of the respondents expressed *strong* interest and another quarter indicated likely interest.

This brings me to my third point, which is the *very clearly* indicated need for trust companies and trust departments to tell a better investment performance story than they have succeeded in getting across to date. This specifically involves dealing with three problems, and maybe there is a fourth point that can be made to augment your performance story. One of the problems is the competence of your personnel, which is not thought to be particularly high. Related to this is the fact that you have specialists, which people are inclined to think you do not have. Thirdly, is the matter of involvement, personal attention rather than the aloof arm's length kind of treatment you are thought to provide.

While it does not come up as a major asset of banks, it seems to me you could add a fourth area of stress in telling a performance story. It is that you can approach the matter of investments quite objectively, that, unlike stockbrokers, your fee structure provides no incentive for you to buy and sell on behalf of a client every week; and the fact that your involvement is not such that you must always recommend mutual funds, or life insurance.

The idea of stressing investment management as opposed to estate, as well as the problem of telling a performance story, brings me to my fourth point (and here I should say that I am departing from my area of alleged expertise and getting into the areas of psychology and semantics, in which I have absolutely no credentials). I suspect that the words "investment management" are not helping you either in terms of stressing performance or in terms of indicating personal attention. "Investment management" has a kind of static, institutional, monolithic connotation to it. I think the word "management" is more at fault than "investment," although I think even the term investment has a kind of static quality about it. I don't feel qualified to come up with a different term for this service, but I would suggest that you and your advertising agencies give thought to a term—a simple term—that has more connotations of dynamic growth, flexibility, and being "with" the tempo of the times.

My fifth point concerns itself with the belief that when you deal with the trust department of a bank your funds are all tied up, decision powers are removed from you, and nothing can be changed. This undoubtedly stems from irrevocable trusts and is more estate oriented than investment management oriented. Nevertheless, it seems to rub off on all of the services that trust companies provide. This image, which is negative for most people interviewed, is another reason for stressing the investment management side of the coin, rather than the estate side —particularly with younger people. In addition, however, it would seem to me, as a non-banker, desirable to sell an "investment partnership" concept, to stress the idea that "two heads are better than one," to get across the idea that "you the customer know your objectives, life goals, etc., and we, the bankers, know the money market. Together, in partnership, we can jointly achieve your objectives in the way *you*, the customer, regard as being best." Possibly, in order to further counteract the tied-up-in-trust connotation of a bank it would be advisable to have your investment management services be, or seem to be, a separate department from the trust department. Again, I am being an amateur psychologist and semanticist, but it seems to me that the words "trust department" may conjure up the image the bank "takes over" and the customer is left helpless at the bank's mercy.

Related to this partnership idea, but on the estate side of the coin, is my sixth point. Because of the strong predisposition for people to name their wives or other individuals (usually relatives) as executors, and because of people's high expressed satisfactions with the arrangements they have made for handling their estates, I would not try to buck people's inclination to appoint a friend or relative as an executor, but rather would try to "join" the trend. By that I mean I wouldn't mount any effort to get people to name a bank as executor *instead* of their wives; or try to sell the superiority of a bank in the executorship capacity. I am sure your agencies will have good ideas as to how you might join the trend rather than fight it, but a thought that occurs to me would be to say to the prospective customer, "If you are in a dilemma as to who to name as executor of your estate, you shouldn't be." The studies indicate that nobody *is* in a dilemma, but this nevertheless might be an approach. "Don't choose between your wife and us, get the best of both worlds and name us both. She knows you, your family, your philosophy; we know money, the regulations, and how to cut through red tape. Together we can do a better job than either of us could do alone."

As you can see, my credentials as a copywriter are fully as impressive as my credentials as semanticist and psychologist—but I hope this will get the general idea across!

Coming finally to trusts, I have no specific suggestions. If the various foregoing steps are successful in getting people to come to you for investment management services and to name you as co-executor, I would expect that increasing your already good position with respect to trusts would occur automatically.

# APPENDIX

## TABLE 1

Thinking just of investing now, we've found that there are major differences among (men) (women) in terms of their interest in investment, how much time they devote to it, how competent they personally feel they are to make investments, and so on. *In general, which one of the descriptions on this card best describes you?* (Card shown respondent)

| | *Total sample* |
|---|---|
| Number of respondents | 605<br>(100%) |
| | % |
| Making my own personal investment decisions is something I both enjoy and feel quite competent to do without a great deal of outside advice | 29 |
| I have a quite active interest in making investment decisions, but I rely somewhat on the advice of others before making them | 26 |
| While I have a natural interest in increasing my assets through good investments, I usually prefer to seek advice and guidance from those who are a good deal more knowledgeable than I am in this area before I make investment decisions | 33 |
| To a very substantial extent, my investments are professionally managed — by an investment counselor, bank, etc. I pay for this service and leave most of the decisions to them | 12 |

## TABLE 2

(If does not have professional management of investments.) Suppose for a minute that you wanted professional management of a good deal of your investments. *Which one of these would you be most likely to turn to to get it?* (Card shown respondent)

OR

(If does have professional management.) *Which type of an institution or individual on this card do you employ to manage your investments?* (Card shown respondent)

| | *Total sample* | *Don't have professional management* | *Do have professional management* |
|---|---|---|---|
| Number of respondents | 605<br>(100%) | 533<br>(100%) | 17†<br>(100%) |
| | % | % | % |
| *Would be or is managed by:* | | | |
| Investment Banking or Brokerage Firm | 27 | 26 | 33 |
| Bank | 17 | 17 | 17 |
| Trust Company | 5 | 4 | 11 |
| Investment Counsel Company | 21 | 21 | 22 |
| Lawyer, Law Firm | 10 | 11 | 8 |
| CPA, Accounting Firm | 7 | 8 | 4 |
| Relative | 4 | 4 | 3 |
| Other Individual | 6 | 6 | 3 |
| None | 4 | 5 | — |

† Percentages based on less than 100 cases are often unreliable.

## TABLE 3

*What are the major reasons you wouldn't place your investments with a major bank or trust company for management?*

Asked of respondents who prefer investments to be managed by individual or institution other than bank or trust company.

| | *Total asked this question* |
|---|---|
| Number of respondents | 451<br>(100%) |
| | % |
| Too conservative | 19 |
| No personal contact, not enough attention given to you | 16 |
| Just not that competent, others have more experience in field and give better performance | 10 |
| They are not specialists, too general, not professional | 10 |
| Satisfied, have trust, confidence in other investment sources | 7 |
| I am more capable than the banks | 6 |
| Their costs would be too high | 4 |
| Poor personnel, unimaginative, not qualified | 3 |
| Specific strong criticism of bank, more to their advantage, not yours, unethical, cannot be trusted | 3 |
| Slow, unwieldy service, don't keep pace with market changes | 3 |
| All other answers | 23 |
| Don't know or no answer | 4 |

## TABLE 4

Here is a list of possible advantages in having a bank or trust company manage your investments. *Would you call off the numbers of all of them that you feel would be real advantages, including any you may have mentioned before?* (Card shown respondent)

Asked of respondents who prefer investments to be managed by individual or institution other than bank or trust company.

| | *Total asked this question* |
|---|---|
| Number of respondents | 451<br>(100%) |
| | % |
| Investments would be safe and prudent | 35 |
| Bookkeeping detail out of my hands | 24 |
| Access to variety of specialists | 21 |
| Dependable — someone always there | 21 |
| Less likely to buy and sell stocks needlessly | 19 |
| Would be more competent than I | 16 |
| Charges would be no more, etc. | 13 |
| Guidance would be as good or better | 9 |
| Better advice on overall planning | 7 |
| Investment would assure growth | 5 |
| Manage my portfolio aggressively | 2 |
| None | 39 |
| Don't know or no answer | 16 |

NOTE: The high "None" and "Don't know" percentages do not result directly from this question, but instead from the question that immediately preceded it—which asked respondents to state in their own words, without seeing the list, what advantages they see in using a bank for investments. Thirty-nine per cent said "None" and 16 per cent said "Don't know" or gave no answer. These two groups were not asked the question shown above, but are included in the tabulation because of their answers to the previous question.

## TABLE 5

Here is a card listing different types of places a person could go to work. (Hand respondent card) *As I call out some different kinds of people, would you tell me which one place you think they would be most likely to go?*

Asked of respondents whose investments might be or are managed by an institution or individual.

| | | *Investment banking or brokerage firm* | *Major manufacturing firm* | *Investment or trust department, bank or trust company* | *Own business or profession* | *Don't know or no answer* |
|---|---|---|---|---|---|---|
| | | % | % | % | % | % |
| A young lawyer who has just graduated from the top of his class | 579 (100%) | 12 | 9 | 14 | 58 | 7 |
| A young lawyer who has graduated near the bottom of his class | 579 (100%) | 11 | 30 | 23 | 24 | 11 |
| A recently graduated accountant from a junior college | 579 (100%) | 13 | 44 | 22 | 11 | 10 |
| A really capable young CPA who is looking for a substantial challenge and a substantial income | 579 (100%) | 13 | 14 | 13 | 54 | 7 |
| A young college graduate with a good social background and good personality, but only modest business abilities | 579 (100%) | 35 | 25 | 27 | 6 | 8 |
| A smart young MBA from Harvard, MIT, Stanford or Chicago | 579 (100%) | 22 | 34 | 17 | 19 | 9 |

NOTE: Percentages read *horizontally*.

# TABLE 6

## (PITTSBURGH STUDY ONLY)

Suppose for a moment you inherited $100,000 in cash or investments that you either didn't feel capable to manage yourself, or didn't want to bother managing yourself. *If you were looking for maximum growth, which one of these would you be most likely to put it with?* (Card shown respondent)

*Which would you choose for maximum income from your $100,000?* (Card shown respondent)

*Which would you choose for maximum safety?* (Card shown respondent)

*Which do you feel would give you the most flexibility and access to your assets, and which do you think would give the least amount?* (Card shown respondent)

| | *Growth* | *Income* | *Safety* | *Most access* | *Least access* |
|---|---|---|---|---|---|
| Number of respondents | 102<br>(100%) | 102<br>(100%) | 102<br>(100%) | 102<br>(100%) | 102<br>(100%) |
| | % | % | % | % | % |
| Mutual Funds | 24 | 19 | 10 | 15 | 18 |
| Stockbroker | 31 | 29 | 8 | 58 | 9 |
| Investment Banking House | 18 | 16 | 8 | 9 | 11 |
| Trust Department of Bank | 13 | 22 | 63 | 10 | 42 |
| Other Types of Investment Companies | 4 | 4 | 2 | 2 | 3 |
| Myself or All Same (vol.) | 10 | 6 | 6 | 3 | 2 |
| Don't Know or No Answer | 4 | 4 | 4 | 4 | 16 |

## TABLE 7

Here is a list of things people have told us are drawbacks or disadvantages in having a major bank or trust company manage their investments. *Would you call off all that you feel would be real disadvantages (including any you may have mentioned before)?* (Card shown respondent)

Asked of respondents who prefer investments to be managed by individual or institution other than bank or trust company.

| | *Total asked this question* |
|---|---|
| Number of respondents | 451<br>(100%) |
| | % |
| Could get better advice and guidance elsewhere | 55 |
| Investment policies would be too conservative | 49 |
| Have never used bank for investment advice | 37 |
| Would be reluctant to discuss investment changes — wouldn't be enough contact | 31 |
| Would miss being involved in making decisions | 29 |
| My assets would not be enough | 25 |
| Cost would be lower elsewhere | 17 |
| Have used one, didn't think that highly | 13 |
| No answer | 5 |

## TABLE 8

*Just as a guess, about how big do you think your investment portfolio would have to be before a major bank would both be interested in handling your account, and really servicing it well?* (Just as a guess)

Asked of respondents whose investments are not now managed by a bank or trust company.

| | *Total asked this question* |
|---|---|
| Number of respondents | 560<br>(100%) |
| | % |
| Under $50,000 | 28 |
| $50,000-$99,999 | 17 |
| $100,000 | 23 |
| $100,001-$199,999 | 2 |
| $200,000-$299,999 | 8 |
| $300,000 and over | 6 |
| Any amount or unspecified | 1 |
| Don't know or no answer | 16 |

## TABLE 9

*Is the net worth of your investment portfolio close to this figure, or substantially over or under it?*

Asked of respondents who indicated what their investment portfolio would have to be before a bank would be interested.

| | *Total asked this question* |
|---|---|
| Number of respondents | 470<br>(100%) |
| | % |
| Close | 13 |
| Over | 53 |
| Under | 28 |
| Refused | 5 |
| No answer | 1 |

## TABLE 10

*Switching to another subject now—your estate and to whom it will go—do you have a will?*

(and if "yes")

*Have you designated just an executor to handle your property, pay bills and distribute the residue to your heirs, or both an executor and a trustee who would manage the estate on out into the future for the benefit of your heirs?*

| | *Total sample* |
|---|---|
| Number of respondents | 605<br>(100%) |
| | % |
| YES, HAVE A WILL | *80* |
| Executor only | 42 |
| Both executor and trustee | 39 |
| NO, DO NOT HAVE A WILL | *20* |

## TABLE 11

*Which one of these types of people or organizations did you designate as your executor?* (Card shown respondent)

*And which one of these types of people or organizations did you designate as trustee?* (Card shown respondent)

Asked of respondents who have designated an executor or executor and trustee.

| | *Executor* | *Trustee* |
|---|---|---|
| Number of respondents | 487<br>(100%) | 233<br>(100%) |
| | % | % |
| Bank | 16 | 40 |
| Trust Company | 6 | 14 |
| Lawyer | 30 | 23 |
| CPA | 3 | 4 |
| Wife | 40 | 15 |
| Other relative | 22 | 18 |
| Other individual | 8 | 10 |

## TABLE 12

I'd like to ask you now how satisfied you are with some specific areas of your own financial planning. For each one, would you tell me whether you are highly satisfied with how well you've done or the arrangements you've made, or moderately satisfied, or not too happy or aware that you should be doing more than you have to date. *How about your investments in stocks and bonds?*

*Your will and the way your estate will be left and administered?*

*Your investments in real estate—if any?*

| | *Stocks, bonds* | *Will, estate* | *Real estate* |
|---|---|---|---|
| Number of respondents | 605<br>(100%) | 605<br>(100%) | 605<br>(100%) |
| | % | % | % |
| Highly satisfied | 20 | 54 | 52 |
| Moderately satisfied | 41 | 24 | 31 |
| Not too happy — do more | 27 | 8 | 5 |
| Not sure, hope all right | 3 | 1 | 1 |
| Have none (vol.) | 9 | 11 | 10 |
| No answer | * | * | * |

* Less than .5 per cent.

## TABLE 13

*Do you definitely plan to revise your will in the future to establish a trust, or do you think you probably will, or probably won't, or definitely won't?*

Asked of respondents who have designated an executor only to handle their estate.

| | *Total asked this question* |
|---|---|
| Number of respondents | 254<br>(100%) |
| | % |
| WILL REVISE WILL TO ESTABLISH TRUST | *28* |
| Definitely | 6 |
| Probably | 22 |
| NOT APT TO REVISE WILL TO ESTABLISH TRUST | *71* |
| Probably won't | 31 |
| Definitely won't | 20 |
| Don't know | 19 |
| NO ANSWER | *1* |

## TABLE 14

In deciding whether to have your estate paid out directly rather than continuing in trust, *which ones of the major reasons on this card explain why you (are undecided about a trust) (probably wouldn't establish a trust)?* (Card shown respondent)

Asked of respondents who don't have and don't plan to have a trustee.

| | *Total asked this question* |
|---|---|
| Number of respondents | 180<br>(100%) |
| | % |
| Don't want to tie up estate | 39 |
| Estate isn't large enough | 28 |
| Not clear on advantages | 21 |
| Trusts are expensive | 13 |
| Attorney never discussed a trust | 13 |
| Attorney against trust | 2 |
| No answer | 6 |

## TABLE 15

There are a variety of trust instruments to serve different purposes—revocable trusts, irrevocable trusts, pilot trusts, living or voluntary trusts, etc. *Do you feel you have a fairly complete understanding of what can be done under these different kinds of trusts, or only a partial understanding, or are the various kinds of trusts and terminology used something you frankly know little about?*

| | *Total sample* |
|---|---|
| Number of respondents | 605<br>(100%) |
| | % |
| Complete | 18 |
| Partial | 36 |
| Know little about | 46 |
| No answer | * |

* Less than .5 per cent.

32

## TABLE 16

Here is a card listing four different types of investment objectives. *For each one would you tell me whether it represents a primary investment objective of yours at the present time, or a major objective if not a primary one, or a secondary objective?* (Card shown respondent)

Asked of respondents whose investments would be or are managed by an institution or individual.

| | *Total sample* |
|---|---|
| Number of respondents | 579<br>(100%) |
| | % |
| *Short-range capital gains* | |
| Primary | 19 |
| Major | 13 |
| Secondary | 61 |
| No answer | 7 |
| *Long-term capital gains* | |
| Primary | 55 |
| Major | 25 |
| Secondary | 18 |
| No answer | 2 |
| *Maximum income from dividends, etc.* | |
| Primary | 19 |
| Major | 21 |
| Secondary | 54 |
| No answer | 5 |
| *Special situations providing tax-sheltered income or growth* | |
| Primary | 27 |
| Major | 16 |
| Secondary | 51 |
| No answer | 6 |

## TABLE 17

### (IOWA STUDY ONLY)

*Has a trust department of a bank ever contacted or solicited you in regard to providing service for you?*

*Are you presently receiving any literature through the mail from a bank's trust department?*

*Have you ever visited the trust department of a bank to discuss their services?*

| | *Solicited by* | *Mail from* | *Visited* |
|---|---|---|---|
| Number of respondents | 400<br>(100%) | 400<br>(100%) | 400<br>(100%) |
| | % | % | % |
| Yes | 21 | 34 | 36 |
| No | 79 | 66 | 64 |

## TABLE 18

Suppose your main bank offered a series of group meetings in the city—perhaps at lunch time, where you could go and listen to their experts update you on the investment picture, and where you could ask whatever questions you wanted to. *Is this something that would interest you, or probably not interest you?*

| | *Total sample* |
|---|---|
| Number of respondents | 605<br>(100%) |
| | % |
| Definitely yes | 24 |
| Probably yes | 27 |
| Definitely no | 41 |
| Don't know or no answer | 8 |

## TABLE 19

Here is a second list of some of the kinds of dealings people have with banks or trust companies. (Card shown respondent) *Would you call off for me each of the things on the card that you and your (wife) (husband) have at any bank or trust company in this area—and whether you have it at one of the banks on the first card or at some other institution?*

| | *Total sample* |
|---|---|
| Number of respondents | 605<br>(100%) |
| | % |
| SAVINGS ACCOUNT | *86* |
| CHECKING ACCOUNT | *95* |
| TRUST DEPARTMENT SERVICES | *32* |
| Estate trustee | 18 |
| Estate executor | 13 |
| Investment management | 12 |
| Trustee where I am beneficiary | 6 |
| Investment advisory | 5 |
| Custody account | 5 |
| NO ANSWER | *3* |

## TABLE 20

### RATINGS OF BANKS IN INVESTMENT AND ESTATE AREAS

| | *Per cent who named a bank or trust company as the agent they* | | |
|---|---|---|---|
| | *Use or would prefer for investment management* | *Have designated as executor of estate* | *Have designated as trustee of estate* |
| Number of respondents | 605<br>(100%) | 487<br>(100%) | 233<br>(100%) |
| | % | % | % |
| *In:* | | | |
| Boston | 16 | 15 | 35 |
| Chicago | 29 | 21 | 55 |
| San Francisco | 20 | 29 | 64 |

## TABLE 21

## INCOME OF RESPONDENTS

| | *Respondents in*<br>*Boston* | <br>*Chicago* | <br>*San Francisco* |
|---|---|---|---|
| Number of respondents | 207<br>(100%) | 202<br>(100%) | 196<br>(100%) |
| | % | % | % |
| *Reported annual family income:* | | | |
| Under $25,000 | 38 | 17 | 24 |
| $25,000-$49,999 | 39 | 30 | 29 |
| $50,000-$74,999 | 7 | 21 | 17 |
| $75,000-$99,999 | 2 | 7 | 5 |
| $100,000 or more | 1 | 7 | 5 |
| Refused | 13 | 18 | 11 |

## TABLE 22

## NET WORTH OF RESPONDENTS

| | *Respondents in*<br>*Boston* | <br>*Chicago* | <br>*San Francisco* |
|---|---|---|---|
| Number of respondents | 207<br>(100%) | 202<br>(100%) | 196<br>(100%) |
| | % | % | % |
| *Current reported net worth:* | | | |
| Under $75,000 | 13 | 10 | 5 |
| $75,000-$149,000 | 29 | 14 | 18 |
| $150,000-$199,000 | 20 | 35 | 23 |
| $200,000-$299,000 | 14 | 11 | 15 |
| $300,000 or more | 14 | 21 | 35 |
| Over $150,000 but wouldn't say how much | 10 | 8 | 5 |

## TABLE 23

### AGE OF RESPONDENTS

| | | *Respondents in* | |
|---|---|---|---|
| | *Boston* | *Chicago* | *San Francisco* |
| Number of respondents | 207<br>(100%) | 202<br>(100%) | 196<br>(100%) |
| | % | % | % |
| *Observed age:* | | | |
| Under 35 | 16 | 13 | 11 |
| 35-49 | 48 | 45 | 38 |
| 50 and over | 36 | 42 | 51 |

# KNOWING THE CONSUMER BETTER

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Thomas L. Harris

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Presented by: Thomas L. Harris
President, FCB/PR
to Counselors Section
Public Relations Society of
America Spring Conference
Innisbrook, Florida
April 18, 1977

CS 205225

As you might expect, Foote, Cone & Belding Public Relations, as an affiliate of a major consumer goods advertising agency, is engaged primarily in the practice of marketing public relations. So when we talk about increased services, what we are really discussing is expanding the role of public relations in marketing planning. I'd like to tell you about a philosophy that permeates both the advertising and public relations operations at Foote, Cone & Belding. That is what we call our Know The Consumer System. It's a system that enables us to gain a more profound understanding of how consumers think and feel. We believe that extra measure of understanding helps us make more effective advertising campaigns and public relations programs. That's why FCB spends some 5-1/2% of its operating income on research. Last year, we were in touch with the attitudes of over 100,000 customers. Our system starts with traditional or classic research, supplemented by inventive and unusual techniques and tools. All of our professionals, in public relations as well as advertising, participate. And we think it makes us much better marketing people and much better communicators.

Let me give you a few examples:

Last week the account supervisor on our Kraft product publicity program participated in a CONSUMER WORKSHOP together with a copywriter, a researcher and art director. They spent an hour and a half with six young mothers to discuss packaged macaroni and spaghetti dinners. She came away with a much greater appreciation of how, when and why these products are served and how much the Kraft brand name and reputation for quality means to consumers. She even picked up some specific menu and serving ideas that will inevitably find their way into the material we create for Kraft.

Another example, which we call FCB FIELDWORK:

This year every advertising and public relations professional will spend some time in the field, where consumer buying decisions are made. We ride the routes with the salesmen, sometimes work at the retail level. Those who work on the Hiram Walker account have even tended bar. The supervisor on our Johnson Controls account has visited over one-hundred installations in the past two years, more than anyone in the company's home marketing office or the advertising agency. His job is not only to write case history stories for placement in vertical trade books, but to prepare job reports on each installation. These job reports are then distributed to salesmen in a coded binder to be used as part of their continuous sales training as well as sales aids.

Another example of the importance of field work and how it relates to expanded public relations services is Hiram Walker. Our account supervisor works very closely with the Hiram Walker sales force in tailoring promotional programs specifically geared to their regions of the country. For example, participation in chili cook-offs in California and Texas - and in skiing events in Colorado.

Because of our involvement in the field, we have expanded our services to include the writing and production of marketing films which dramatize new Hiram Walker advertising, point-of-sale and public relations programs to salesmen and distributors. Through fieldwork, we even discovered a new medium - barroom cinema. Hiram Walker is staging Two Fingers Tequila parties in the "in places" frequented by the young tequila crowd featuring an entertainment film we produced "The Ballad of Two Fingers." A 45 rpm record of the Ballad, written and produced by our people is part of the party package which includes Twi Fingers tee shirts and posters.

The next Know The Consumer System is what we call our WEEKLY PHONE POLL. We talk to hundreds of consumers every week and have the opportunity to make special phone polls related to public relations clients and prospects. This has given us exceptionally valuable insights when apporaching a new client in a new field. For example, through a phone poll, we found that most people are confused about the differences between the three O's -- ophthalmologists, optometrists and opticians. What we learned gave direction to the entire program that we shaped for the American Association of Ophthalmology. All of our materials emphasize that the ophthalmologist is the only medical doctor qualified by education and experience to treat all problems of the eye.

Then we have our FOCUS GROUPS. These are informal discussions with eight to twelve consumers, led by a professional moderator. Our public relations people view the Focus Group sessions live or on videotape to hear how consumers really talk about products and how they relate these products to their lifestyle. For example, we have held a series of Focus Groups with both mothers and 5 to 8 year old children for the California Frozen Vegetable Council to learn how to enhance the desirability of vegetables to children. We learned that mothers who were forced to clean their plates and eat their vegetables as children don't want to pressure their kids to do the same. But we learned from the kids that they will eat vegetables if they're presented in a fun way (for example...shake and bake cauliflower, Brussel sprout pops on a stick; broccoli cones) - or, if they are used in dishes the kids already like. That's why we developed recipes for chili and lasagna, using our vegetables, for the School Lunch Program. We find that material developed from Focus Group research has great credibility and acceptance among editors. For example, this CFVC research led to an article "Falling in Love with Vegetables" in Forecast, the leading magazine reaching home economics teachers.

We have used Focus Groups to develop press materials on other specific target psychographic groups. For example, we have created press kits and feature material for the frozen food industry based on what we learned from Focus Groups of Working Women and "empty nesters" (a Yankelovich term for families whose children have grown up and left the nest.) Editors find this material in tune with their own desire to offer an editorial product that reflects the real needs, interests and lifestyles of their readers - our consumers.

These Know The Consumer Systems: Consumer Workshops; Fieldwork, Weekly Phone Polls, and Focus Groups all enable us to sharpen the focus of our public relations programs, to better relate our message to real consumer interests, needs and desires.

As you can see, we place a high premium on research, traditional research as well as these rather sophisticated techniques.

I'd like to give you two examples of how traditional or classic research has been used to enhance our public relations programs.

For the California Frozen Vegetable Council, we conducted a Segmentation Study of the Vegetable Market. The purpose of a segmentation study is to go beyond demography and look at people in terms of attitude groupings. The information this study provided helps us tailor programs to specific perceptions, needs and attitudes of the vegetable consumer. The study showed us that there are five basic attitudinal orientations in the vegetable market, represented by five distinct clusters or groups of consumers. This "image analysis" enabled us to frame specialized programs for each need group on the basis of the benefits they seek from vegetables. For example, we identified one of the need groups as "Stubborn but Stymied." These are the meat and potato people, typically headed by a husband who isn't crazy about vegetables. To get these people to use our vegetables we developed a series of hearty recipes like stews, limas and meatballs, hash and sprouts, etc. On the other hand, we are providing the 25% of the market identified as "Vegetable Lovers" with a variety of imaginative recipes which utilize our vegetables literally from soup (Danish style cauliflower soup) to nuts (lima bean nuts.) The entire content of our "So You Asked About Frozen Vegetables Cookbook" was developed and organized as a direct outgrowth of this research. It answers the questions most often raised in both focus groups and the segmentation study.

Finally, a word about the most basic kind of research - fact gathering. We believe that the best public relations programs are grounded in extensive fact gathering. After working for the frozen food industry for two years, generating bushels of publicity, developing hundreds of recipes, staging conferences, making films, scheduling celebrity media tours, and the like, we have found that the most valuable single project was the creation of an extensive Factbook for the industry. This 70 page book includes history, definitions and categories, information on nutrition, purchasing, storage, thawing and cooking, and a section on statistics - really all you need to know about frozen foods. It was created for our own self-education, but has now become the bible of the business and is used extensively by all of the major food companies. It is our principal source for answering questions from consumers and the press and for developing booklets, point-of-sale flyers and other informational materials. And there has been an unexpected dividend. We are now selling the Factbook to packers, distributors, retailers, brokers and food service operators to raise funds to support and expand the public relations program.

Public relations theorists talk a lot about two way communication, but far too often we are so preoccupied with the communications function that we pay scant attention to gathering facts and feelings in an organized manner. When we do that we're big talkers but lousy listeners. And we'll be turned out because we are talking at people not to them. I think it's high time we stopped identifying those folks out there by that hoary academic term "publics" and started thinking about them as persons. When we start listening to them as persons, we will begin talking to them person-to-person. And when we do that we will have won a customer and a friend. We'll be better serving our clients by better serving those persons they want to reach, influence and move to action.

TLH/rb
4/18/77

# ATTITUDES OF EMPLOYEES
# TOWARD THE
# METROPOLITAN CRUSADE OF MERCY

A Research Report
by the

Public Relations Division
and the
Department of Studies and Research
of the
Community Fund of Chicago, Inc.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Metropolitan Crusade
of Mercy
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Spring, 1975

CS205225

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This report is a summary of findings from the formal research recently undertaken by the Public Relations Division of the Community Fund of Chicago. The research design, measurement tool construction, data collection, primary statistical analysis, and preliminary report of results (entitled Study of Attitudes Toward Crusade of Mercy) were conducted by an independent research organization in conjunction with Public Relations Division staff. The Studies and Research Department of the Community Fund, however, is solely responsible for the secondary data analysis and the preparation of this summary report.

## I. The Impact of Campaign Materials

The research essentially consisted of two distinct studies. The first part was a quasi-experimental study designed to assess the impact of various campaign materials generated by the Public Relations Division. It involved the administering of several questionnaries to a sample of 151 employee campaign chairpersons and employee donors from selected companies. Changes in attitude attributable to the general campaign film and to the solicitor film were determined by measuring attitudes both before and after the showing of each film.

The general campaign film was found to elicit a number of significant improvements in attitudes, namely:

- a better understanding of the Crusade's intent and more reason for contributing
- an increased recognition of the Crusade's pertinence to and ultimate impact upon company problems
- a greater tendency to believe the Crusade reaches any needy person, helps many of these people solve or alleviate their problems, and achieves this more efficiently than governmental agencies.

The solicitor film was also found to produce positive attitudinal change in a number of areas relevant to the film's purpose:

- more generous giving
- increased willingness to be a solicitor
- improved self-judged ability to handle anticipated objections during soliciting
- obtaining solicitors with greater corporate responsibility

This same sample of 151 respondent was also exposed to the three die-cut figures symbol, brochures, payroll stuffers, and spot TV announcements. After viewing each type of material, the respondents were asked to complete a questionnaire designed to evaluate the item's effectiveness.

The die-cut figure seemed to produce associations which have positive philanthropic value. The figures are seen as diverse persons who help, share, contribute, and are concerned about their fellowman. The respondents were readily able to identify with the figures, tending to visualize them as including people they know and/or themselves.

The brochure distributed in the study was found to be less than fully satisfactory. Its weaknesses included inadequate informational content, unattractiveness, lack of help to the donor in making his decision about how much to give, and an inability to convince the reader that Crusade dollars go to those most in need of services. However, the brochure did appear to communicate satisfactorily the desirability of helping the less fortunate, the variety of Crusade-supported services, and the equity in support between city and suburban agencies.

Among the three payroll stuffers, Shelter from the Storm was judged by donors to be the most effective. The strengths of this stuffer, which deals with the dislocation of a child, seemed to be its ability to foster identification with and an emotional reaction to the pictured situation. Thus, in designing stuffers or related material in the future, these two criteria -- identification and affect -- should be prominent, if not determining, factors.

For the TV spot announcements, the tendency among respondents clearly was to indicate a higher positive impact for the longer announcements. Besides length, preliminary data suggest substantial variations in reactions for persons of differing demographic status. The road to improvement in these mass media films may point in the direction of being more selective in the designing and scheduling of spots for specific target population groups.

Further analysis of the campaign materials data in relation to the demographic characteristics of respondents -- i.e., age, city vs. suburban residency, occupation, sex, previous year's giving, and exposure to the campaign during the previous year -- has not yet been provided by the independent research organization.

## II. Employee Attitudes Toward the Crusade of Mercy

The second study was a field survey designed to determine the predilections of a cross-section of employees in Crusade contributing companies. A 100-item questionnaire covering a broad spectrum of attitudes considered pertinent to the Crusade of Mercy was distributed to approximately 2,700 employees of various companies. Usable questionnaires were returned by 1,894 persons or roughly 70%. Their responses were factor analyzed with the 18 most significant factors being related to respondents' occupation, trade group classification, education, city vs. suburban residency, and sex.

The results of this opinion survey constitute the central focus of this report. The secondary analysis of data and the summary of findings have attempted to uncover information which may be of use to companies in planning and executing their employee campaigns. Thus, the findings have been organized to provide answers to specific questions.

### A. ATTITUDES OF RESPONDENTS AS A WHOLE

Before examining the relationship between the 18 attitudinal factors and the demographic characteristics of the respondents, it may be helpful to provide a portrait of the attitudes of all the employees in the survey sample. This group of people apparently were neither a random nor a representative sample of employees in Crusade contributing companies. One would suspect that survey respondents were from the larger and more prominent Crusade companies, and it is likely these individuals have in the past received a fairly intense exposure to the Crusade. Thus, sampled respondents probably were more knowledgeable, less indifferent, and more positive about the Crusade of Mercy than the average employee among all Crusade contributing companies. Nevertheless, the attitudes of this group undoubtedly are a reasonable approximation of the attitudes of employees in the larger and more prominent Crusade companies and probably are not particularly divergent from the attitudes of the total population of Crusade company employees.

To generate an overall description of employee attitudes, additional data analysis was deemed necessary. Essentially this analysis consisted of reworking the available data so as to address some rudimentary questions about which Crusade companies might want information. Eight basic questions were selected. For each of these questions, all attitude items which seemed to be related to the question were identified and considered as a cluster or a sample of the universe of items which might bear on the question. The research firm had provided the average (mean) score among all respondents for each of the 100 items. Scores ranged from one to five with one indicating strong agreement with the attitude statement and five indicating strong disagreement with the item. All of the items within each cluster were then rescored on a one to five scale so that they ranged from favorable to the Crusade to unfavorable to the Crusade.* The average (mean) score was then computed for all items in each question cluster. The resulting summary statistics are contained in the table presented at the end of this description of overall respondent attitudes (see page 14).

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* Favorableness was determined by asking ten Crusade staff members to indicate whether or not, from the Crusade's perspective, respondents should agree with each item. Only those items on which a staff consensus existed were included in the secondary analysis.

Two methodological points should be mentioned before proceeding to the profile of employee attitudes. First, the validity of the secondary analysis approach just described depends on the extent to which:

the number of items in each question cluster is adequate;

the sampled items in each question cluster are representative of the universe of related items; and

the sampled items in each question cluster actually are related to the question being addressed.

While the extend to which these criteria hold true cannot be tested here, the reader should at least be made aware of them as potential sources of error.

Second, throughout the description of employee attitudes the extent to which unfavorable opinions exist among employees is consistently exaggerated. This exaggeration has been permitted simply to avoid the necessity of repeatedly qualifying assertions with awkward phrases such as "...less positive but not strongly negative attitude..." and "... a sufficiently large number of respondents gave negative answers to this item to pull the average (mean) somewhat to the negative side of the scale." Few items or factors averaged on the negative side of neutral and none were closer to the negative end of the scale than to the neutral mid-scale response. This reflects both a tendency of people to hedge their answers in the direction which they believe the researchers favor and a generally positive to neutral regard for the Crusade of Mercy among employee respondents. In general, then, when employees' attitudes are characterized in negative terms, the reader should interpret these items as being only relatively more negative than those with which they are being contrasted.

## 1. Did Respondents Receive a Basic Factual Understanding of the Crusade of Mercy?

While the items in the questionnaire were intended to measure attitudes rather than knowledge, a number of items related fairly directly to factual information about the Crusade. Many respondents either did not hear or refused to accept the basic factual points which the campaign should have communicated either explicitly or implicity. Few respondents recognized that Crusade-supported services help people like themselves or help reduce the volatility in particularly troubled sections of the community. Many respondents also were unaware of the Crusade of Mercy's internal operations -- i.e., that the fund-raising expense level is low or that their contributions are managed by experts. In addition to the campaign materials, then, intra-company campaign efforts might usefully focus on reiterating these and other basic matters of fact. Since some people may be hearing the facts but doubting their validity, solicitors might be given factual evidence in sufficiently precise detail to counter expressions of doubt.

## 2. Were The Solicitation Procedures Used at Respondents' Companies in Accord with the Desires of the Crusade Leadership?

Though few items bearing on these procedures were included, generally speaking the answer to this question would appear to be yes. Respondents indicated that solicitors, materials, and collection procedures were informative and reasonable. One partial exception to the general appropriateness of campaign procedures was the use of pressure in solicitation. Most respondents felt either no pressure to contribute or only slight pressure to which they did not seem to object. But it appears that in a few companies substantial pressure from management was felt by employees.

The solicitation procedures recommended by the Crusade leadership and staff are not intended to produce employee attitudes of undue pressure. Since the questionnaire focused on employee attitudes rather than factual items about the campaign, however, it should not be inferred that the solicitation procedures used were overly zealous or heavy-handed. It may well be that only those with fairly strong negative attitudes toward the Crusade felt overly pressured to give and that the solicitation procedures employed were actually low-keyed and unaggressive.

Thus while there is little that can confidently be asserted about the solicitation procedures themselves, one can conclude that for the vast majority of employees sampled, these procedures are endorsed. And clearly such employee approval is in accord with the wishes of Crusade leadership.

### 3. Did the Respondents feel Pressured to Give to the Crusade of Mercy?

Generally respondents indicated that pressure to give was at worst moderate. Employees did not feel their jobs or chances for advancement were dependent on giving to the Crusade. They felt the decision on giving was theirs to make. If they did not want to give to the Crusade of Mercy, they simply did not give.

Since their fellow workers are part of the organized solicitation process, it is not possible to separate fully the organized campaign from informal peer pressure. However, when items were grouped according to the source of pressure identified in the statement, it seems that what pressure respondents did feel was attributed to co-workers noticeably more than to the company leadership. In part this may be due to the greater impact of personal contact and to the fact that it usually is one's peer who circulates pledge cards and thus forces the employee to make his decision about giving. From a more careful examination of the data, however, peer pressure does not appear to be excessive or a source of concern so long as the current level of peer pressure is not increased.

Pressure from company leadership was perceived by employees as being quite low. While there undoubtedly is considerable variation in management pressure from company to company, these data suggest that in many corporations, management probably is not making any sort of concerted effort to persuade their employees to contribute to the Crusade.

In general, then, corporate leadership could be more aggressive in their persuasive efforts without making employees feel overly pressured to contribute to the Crusade.

## 4. What was the Respondents' Attitude about the Crusade of Mercy Campaign Efforts of Their Company Leadership?

The single, most accurately descriptive answer to this question is that respondents on the whole favored their employers handling of the Crusade. They did not feel the time devoted by the company to the campaign was wasted nor was it given undue priority over work demands.

While the overall attitude toward the campaign efforts of corporate leadership was definitely positive, some attitudes were relatively more negative than others. The most negative aspect of employees' attitude to the campaign efforts of company leadership was a slight tendency for respondents to view corporate pressure to contribute as exploitative. A number of factors potentially could account for this sense of exploitation:

1. Leadership efforts to increase employee contributions were viewed as too aggressive.
2. Leadership efforts to increase employee contributions were not (in some employees' opinions) matched by generosity in leadership giving.
3. Leadership efforts to increase employee contributions were seen as motivated by concern for corporate image rather than sincere concern about and belief in the benefits accruing from Crusade contributions.

While employees' responses to other items suggest that all three of these attitudes had some modest support, the amount of influence of these items on employees' sense of exploitation can only be surmised. It is also conceivable that a sense of exploitation is a natural consequence among workers with strong negative feelings toward the Crusade who were, in fact, confronted by non-aggressive and sincere requests from generous company leadership for increased employee giving.

## 5. How did Respondents Define the Attitude of Their Company's Leadership toward the Crusade of Mercy?

Respondents generally felt their company leaders were enthusiastic supporters of the Crusade of Mercy, but to some extent they interpreted the motivation for this support as being based, at least partially, on factors other than genuine concern for the human benefits derived from Crusade-supported services. Among these non-altruistic factors were concern for the company's public image and pressure put on their bosses to secure contributions [illegible] the Crusade. In support of this view of their leadership's attitude, the sampled employees indicated they were not fully convinced top leaders were themselves giving generously to the Crusade.

These attitudes may be relating something of importance for future employee campaigns. Corporate leadership seems to be communicating formal support for the Crusade to their employees, but the informal message is that this support is not fully given for the appropriate reasons. Thus, the informal message is probably eroding the positive impact of the formal message. The genesis of the informal message -- that leadership support for the Crusade is not wholly genuine -- could be attributable to many factors, ranging from explicit anti-Crusade assertions by management to completely fabricated projections of employees who dislike the Crusade and simply refuse to believe their employers' assertions of support for it. In most instances, however, the origin of this informal message is most likely to be found somewhere in between these two polar extremes.

Perhaps the most common source is that the formal message sent by company leadership to the employees is both incomplete and far too mechanical or superficial. At least these two factors are ones which could account for employees' perceptions and which can be readily corrected. The incompleteness of the communication might be remedied by expanding the content of the message from company leadership to employees to include not only endorsement of the Crusade but also substantive reasons for that support and tangible evidence of the personal and corporate commitment of company leaders to the Crusade.

The cardboard quality of the message may be due to the form of the message rather than its content. A message to employees asking them to give to the Crusade should not take the same form as a routine intra-office communique. Unlike business memos, this message does not carry the compulsion of a directive. Its impact depends on the extent to which the employee can be convinced that esteemed company leadership genuinely believe in the Crusade. Communicating this sense of true commitment requires that the message be both personal and distinctive.

How this can be achieved -- e.g., by letter or in-person address, by the sincerity, reflectiveness, or factual material in the content of the message -- can best be determined by each company and certainly is beyond the scope of this report. In some manner, however, the issue of genuineness needs to be addressed in the planning and conduct of employee campaigns.

### 6. What Attitude or Role in Relation to Community Problems did Respondents Seem to Favor for Their Company or Their Company's Leadership?

Respondents clearly felt the company had a responsibility as a good citizen for social progress and for addressing community social problems. They also felt that the company's involvement in the Crusade was a worthwhile way in which to fulfull this social responsibility. On the other hand respondents seemed to recognize limits on the extent to which the company should get involved in local social problems. Employees adknowledged the major role which government has to play, and they felt that business -- which can be too influential at times -- need not always assume a leadership position in community affairs.

It may be that employees would feel more comfortable about their company's role in the Crusade of Mercy if they were provided with an overall description of the company's involvement in civic affairs: not just what social problems the company leadership is addressing but also the extent of involvement in each and the priorities among these involvements (i.e., which civic activities are accorded the most importance and which are given secondary importance). This structured portrait of the company's role in community problems would provide employees with a more realistic picture of the corporate leadership's commitment to the community and enable them to structure their own attitudes and priorities toward social problems within their work setting.

### 7. What Role in Relation to Community Problems did Respondents Seem to Favor for Themselves

The 18 items which bear on the respondents' own relationship to community problems can be grouped into three levels of involvement: at the most general and abstract level are their attitudes about their relationship to society and its problems; somewhat more specific are their attitudes toward and their relationship to charitable giving as a means of dealing with social problems; and most specific are their attitudes about and relationship to the Crusade of Mercy as the particular voluntary vehicle for dealing with social problems. The differences in attitude among these three levels of specificity are striking. Abstractly, respondents had very positive attitudes indicating strong beliefs in concern for others, in working together, in doing things for others, and even in putting others ahead of one's self. On this abstract level respondents' answers averaged 2.08 on the 1.00 to 5.00 positive to negative scale. When charitable giving is considered as an approach to effectuating this general desire to help others, respondents were noticeably less favorable, averaging 2.40. And when the Crusade of Mercy was the particular charity through which respondents could provide help to others, the attitudes of respondents were much less favorable, averaging 2.96.

What do these findings tell us? First, they tell us that company employees as a whole are very favorably disposed to helping others. Thus, campaign materials and efforts need not attempt to develop these attitudes among company employees. Second, some productive effort could be made to convince employees that charitable giving is a desirable, effective, and worthwhile way for them to express and implement their abstract humanitarian concerns. Perhaps employees would like to know such things as who receives charitably funded services and why these people are not able to obtain these services on their own or with government assistance. Third, employees need to be persuaded that the Crusade of Mercy is the best way for them to help others. Employees may need to know that the people and agencies receiving Crusade support are the ones which they themselves would choose to help; that the Crusade does what they as individuals would like to do but cannot: routinely check to make certain that the services provided are in fact ameliorating social problems, and that the Crusade efficiently and effectively allocates contributions to services for the people with the most pressing problems.

In short, respondents feel they have a role to play in relation to community problems. While the preferred forms of that role remain unknown, it is apparent that respondents are somewhat less than fully convinced that charitable giving is a desirable arena in which to perform this role, and they are much less persuaded that contributing to the Crusade of Mercy is a readily acceptable way to perform this role.

Employee campaigns might achieve better success if they can communicate information aimed at changing attitudes relevant to charitable giving and the Crusade of Mercy. Given respondents' basic orientation toward helping others, the potential for increased giving seems to be present.

## 8. What did Respondents Think about the Crusade of Mercy?

The answer to this question is given in four parts -- each representing a different aspect of the complex stimulus labeled the Crusade of Mercy. These four components of the Crusade are: the procedures of the fund-raising campaign as experienced by the employee at his company; the internal campaign operations at the Crusade of Mercy; the procedures and criteria used by the Crusade partners for allocating Crusade dollars and the impact of these dollars on significant social problems in the community; and the Crusade of Mercy as a whole.

The employee campaign conducted at their company was the most favorably regarded component of the Crusade of Mercy. The specific attitude statements which elicited the most positive feelings were items about the magnitude of and the procedures used in the campaign. Employees felt the conduct of the campaign did not consume too much time, that it was worthwhile conducting, that solicitors handled their job well, and that the campaign was neither too emotional nor overly detailed in informational content. Thus, the campaign seemed to fit employees' own assessment of how much and what type of proportional emphasis the Crusade of Mercy deserves. The attitude statements about the campaign which elicited the most negative feelings were items about the amount of money requested being too much and the way in which money was obtained -- through organized solicitation -- being less than fully satisfactory to them. Thus, employees were not particularly enthusiastic about the occurrence of their in-house campaign, but given its existence they felt it was done appropriately -- though fair-share giving seemed somethat high to them.

The conduct of the campaign by Crusade of Mercy personnel -- that is, the internal workings of the fund-raising organization -- was the component of the Crusade viewed least favorably by respondents. Essentially, employees felt the Crusade was wasteful: that it tended to be an expensive bureaucracy with high overhead and without expert money managers.

The third component of the Crusade -- the allocating and service providing arms of the organization -- was viewed more positively than the fund-raising element but less favorably than the campaign operation at their company. The basic complaint seemed to be that Crusade dollars do not have much impact on the pressing social problems in the Chicago community. The perceived reasons for this lack of sufficient impact on community problems is not ascertainable from the attitude items on the questionnaire. All that can be said is that respondents did not think increased governmental involvement in problem areas currently addressed by the voluntary sector would produce more effective problem-solving.

The fourth aspect of the Crusade about which employees were asked to express opinions was the Crusade considered as a whole. On these items employees primarily indicated that the voluntary aspect of contributing to the Crusade was a distinctly positive characteristic of the organization. Apparently the idea of 100% giving contains a note of compulsion which works at crosscurrents with the freedom-of-choice virtue attributed by employees to the Crusade of Mercy.

The table on the following page summarizes the overall profile of respondents' attitudes in quantitative terms. For each of the eight questions addressed, four pieces of information are provided. In the first column is the number of items found to relate to the question. The second column requires some explanation. All items were divided into two categories: those for which agreement constituted a favorable response and those for which a favorable response required disagreement with the statement. Items in each category were ordered from most favorable average (mean) score to least favorable, and then were divided into highest, middle, and lowest thirds. The table summarizes in what third the items relating to each question fell. While this procedure is more cumbersome and less readily interpretable than the information in the third and fourth columns, it has one distinct advantage: it eliminates the small but discernible negative response bias which was found among the questionnaire items.*

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*By "negative response bias" is meant the tendency of people to agree with statements, that is, to avoid the discomfort which accompanies disagreement.

## SUMMARY FOR ATTITUDES OF RESPONDENTS AS A WHOLE

| Identity of Attitude Area (Phrased Positively) | Number of Questionnaire Items Bearing on Attitude Area | Number of Items (Among all Items) Falling on Favorableness in Upper 1/3 | Middle 1/3 | Lower 1/3 | Average Favorableness of Items on (1 to 5, Positive to) Negative Scale | Ranking on Favorableness Among all Attitude Areas: Major Attitude Areas | All Attitude Areas |
|---|---|---|---|---|---|---|---|
| 1. Give Basic Facts on Crusade | 11 | 3 | 4 | 4 | 2.64 | 7 | 13 |
| 2. Solicitation Procedures Used were Appropriate | 5 | 1 | 4 | 0 | 2.28 | 1 | 3 |
| 3. Not Pressured to Give | 15 | 7 | 7 | 1 | 2.48 | 5 | 9 |
| By Employer | 7 | 3 | 3 | 1 | 2.30 |  | 4.5 |
| In General | 5 | 3 | 2 | 0 | 2.27 |  | 2 |
| By Co-Worker | 3 | 3 | 0 | 0 | 3.27 |  | 18 |
| 4. Company Leadership Handles Crusade Campaign Well | 6 | 3 | 2 | 1 | 2.38 | 3 | 6 |
| 5. Company Leadership Genuinely Committed to Crusade | 9 | 4 | 4 | 1 | 2.46 | 4 | 8 |
| 6. Company Leadership Should be Involved in Addressing Social Problems | 10 | 6 | 2 | 2 | 2.30 | 2 | 4.5 |
| 7. Employee Should Himself be Involved in Social Problems | 19 | 5 | 3 | 11 | 2.61 | 6 | 12 |
| On Abstract Level | 5 | 4 | 0 | 1 | 2.08 |  | 1 |
| Through Charitable Giving | 4 | 0 | 2 | 2 | 2.40 |  | 7 |
| Through Crusade Giving | 10 | 1 | 1 | 8 | 2.96 |  | 17 |
| 8. Crusade Well Run | 43 | 7 | 17 | 15 | 2.68 | 8 | 14 |
| At Employee's Company | 22 | 3 | 10 | 5 | 2.59 |  | 10 |
| At Crusade Office | 4 | 0 | 1 | 3 | 2.77 |  | 16 |
| At Meeting Human Needs | 11 | 2 | 4 | 5 | 2.70 |  | 15 |
| Generally | 6 | 2 | 2 | 2 | 2.60 |  | 11 |

The third column contains the average (mean) favorableness score for all items relating to each question. This score is an average of the average item scores. In the fourth column these average favorableness scores were ranked from most to least favorable both for the eight major attitude areas and for the more elaborate breakdown into 18 areas of inquiry.

By examining this table, and especially the last column, the analysis of overall employee attitudes can be extended beyond consideration of each of the eight major areas of inquiry in isolation from the others. When one examines the relative favorableness among areas of inquiry, at least four additional or previously underdeveloped issues which may be worth consideration in planning subsequent campaigns can be gleaned from the results.

1. The recommended procedure for the conduct of in-house company campaigns may be inadequate for communicating a basic factual understanding of the Crusade of Mercy. To the extent that inferences about factual matters can be drawn from opinion data, it appears that the employee solicitation procedures used by the sampled companies were generally in keeping with the recommendations of the Crusade staff and were favorably received. However, these procedures were less than fully successful at providing employees with a basic factual understanding of the Crusade and this lack of factual understanding may be a prime source of negative attitudes toward the Crusade's internal functioning. If it is true that adherence to recommended procedures results in many employees failing to understand the Crusade, then perhaps those recommended procedures deserve careful review and modification to improve communication of elementary information.

2. The Crusade of Mercy as an organizational entity is viewed by many employees as being substantially less efficient than their own company. Employees generally felt their company leadership handled the Crusade campaign fairly well. On the other hand, respondents were far less favorable in their assessment of how well the Crusade of Mercy itself was run. If one of the strong selling points for the Crusade is the efficiency with which it raises and distributes funds, planning for future campaigns might well focus on how better to communicate this message.

This perceived disparity in efficiency may or may not be interpreted as a cause for serious concern. The greater efficiency attributed to the in-house campaign may merely reflect a natural and healthy predilection for one's own organization. Yet if employees are permitted to create a wide conceptual gap between the in-house campaign and the Crusade of Mercy as an organizational entity, rationalizations for not contributing become more palatable and thus more likely. As a consequence the positive influence of the company's leadership is more readily eroded if not completely negated.

Perhaps, then, two new points need to be emphasized in the in-company campaigns. First, employees need to be told that they are the Crusade of Mercy. While the lay campaign leadership and the chief executive officers in companies are routinely inculcated with the notion that they are the Crusade of Mercy, these study data indicate that this notion has not been effectively communicated to company employees. To break down the mental barrier between the in-house company campaign and the Crusade as a separate entity, one must not only say to employees that the Crusade depends on their dollars; one must also emphasize that the conduct of every aspect of the campaign and the distribution of the money raised are activities of their own leadership and of their fellow employees.

The second point needing emphasis is the high degree of efficiency and effectiveness of the service providers, the Crusade's many partners in translating the voluntary dollars contributed into the voluntary services offered to those in need. Perhaps the popular three figure symbol of the Crusade could be implicitly or explicitly identified as the contributor, the service provider, and the person in need. Some such approach emphasizing the role of the contributing public and the efficiency and impact of the services provided may help to draw employee attention away from the idea of the Crusade as a distinguishable though nebulous centralized organization which can be used as a scapegoat, as a convenient excuse for not contributing.

3. Many employees are not convinced that they have a charitable role to perform in relation to community social problems. Employees were in substantial agreement that their company leadership should be involved in addressing community social problems.

for themselves they also acknowledged a personal moral obligation to help others. However, they were far less willing to acknowledge the appropriateness of their own involvement in addressing these problems when that involvement took the form of charitable giving and specifically giving to the Crusade. This perceived disparity may reflect a distinction made by employees between corporate and personal forms of contribution to the attainment of altruistic social values. Employees may feel charitable giving is appropriate for their company but too impersonal or otherwise inappropriate for their individual contribution to those in need. Or the disparity may indicate that many employees feel the efforts of their corporate leadership to address community problems constitutes a surrogate for their own individual efforts. Part of any such abdication of a personal role in addressing community problems may be employees' growing sense of ineffectuality in the face of problems which seem increasingly pervasive and recalcitrant. Whatever the reasons, however, many employees appear to remain unconvinced that contributing to the Crusade of Mercy can be a significant and satisfying way for them as individuals to address pressing local social problems.

How this lack of commitment to the Crusade can be altered requires careful deliberation. Perhaps increasing emphasis on personal knowledge about and contact with those benefiting from Crusade dollars is an appropriate direction. The ways in which and the extent to which the contributor and service recipicient can be brought more closely into touch with one another may be a worthy topic to pursue in planning subsequent campaigns. Some additional information on this topic is presented later in this research report.

4. Employee feelings about the attitudes and tactics of their company leadership are mixed at best and probably could be much improved. A substantial number of employees expressed some doubts about the genuineness of corporate leaderships' support for the Crusade and at the same time did not feel particularly pressured to contribute. While the factual basis for these doubts and felt lack of pressure cannot be determined from study data these perceptions by employees may deserve attention, since they imply an ineffectual management effort at selling the Crusade to their employees.

It appears that the source of pressure most widely recognized was from employees' peers, yet respondents generally were favorable in their evaluation of peer solicitors' efforts. It may well be that employees hold management culpable for peer solicitation, yet see no other manifestation of management support for the Crusade having comparable impact. The discrepancy between the substantial pressure of peer solicitation and the otherwise placid support of management for the Crusade could be at least partially responsible for the cynicism and disbelief employees expressed in leadership's commitment to the Crusade. If this interpretation has any credence, then corporate leadership must become sensitive to being consistent in order to avoid the appearance of a lack of genuine support for the Crusade. The substantial pressure felt from management-sponsored peer solicitation should be matched by other more direct forms of persuasion by management and by tangible evidence of corporate and leadership giving to the Crusade. This across the board consistency in management's position toward the Crusade probably is a major element in creating that seemingly intangible atmosphere conducive to highly sucessful in-house company campaigns.

## B. ATTITUDES AND DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

In addition to an overall portrait of employee attitudes toward the Crusade of Mercy, the data were analyzed to determine differences in attitudes among various occupations, trade groups, educational levels, residential areas, and gender. The secondary analyses were designed to pursue two objectives:

(1) To provide a more precise description of employee attitudes -- one which will enable companies to emphasis certain aspects of their campaign for particular groups of employees;

(2) To provide some insight into the bases and origins of the prevailing attitudes in these particular employee groups.

The procedures employed in the secondary analysis were as follows. For each of the attitudinal factors originally identified during the primary data analysis, the various occupational (or other demographic) groups were rank-ordered with the group having the most favorable attitude being ranked "1". and so on down to the group having the least favorable attitude being ranked "8." When this rank-ordering of groups had been done for all 18 factors, each group's rankings on all factors were summated and divided by 18 to yield an average ranking for that group. Groups with a high average ranking were regarded as more favorably disposed toward the Crusade of Mercy than were groups with a low average ranking. Once the groups were divided into more and less favorably disposed categories, their rankings on the 18 factors were reexamined to determine on which attitudinal factors:

(a) the more favorably disposed groups as a whole tended to rank high;

(b) the more favorably disposed groups as a whole tended to rank low;

(c) the less favorably disposed groups as a whole tended to rank low;

(d) the less favorably disposed groups as a whole tended to rank high.

Certain patterns and underlying explanations for these patterns emerged. The results of this secondary analysis are presented and discussed below for each demographic variable.

## 1. ATTITUDES AND OCCUPATIONS OF RESPONDENTS

### Which Occupational Groups Tended Overall to have More Positive Attitudes than Others in Opinion Areas Pertinent to the Crusade of Mercy?

The eight occupational groups included in the study were divided into two categories, those four which tended to have generally more favorable attitudes and the four which tended to have generally less favorable attitudes. The four groups with more favorable attitudes were:

| Occupational Group | Average Ranking Among 8 Occupational Groups on All Attitudes Combined |
|---|---|
| Managers, Officials & Proprietors | 3.56 |
| Professionals and Technicians | 3.72 |
| Sales Workers | 3.78 |
| Craftsmen and Foremen | 4.06 |

The favorable attitudes on which these groups tended to agree were:

| Favorable Attitudes | Average Ranking of 8 Highest Occupational Groups Among All Occupational Groups |
|---|---|
| Freedom to decide on giving | 2.75 |
| Business has a social responsibility | 2.75 |
| Trust of large institutions | 2.75 |
| Giving as a part of job responsibility | 3.00 |
| Employer concern for giving is genuine | 3.00 |
| Employer supports Crusade psychologically and economically | 3.25 |
| Crusade efficiently manages Funds | 3.25 |

The unfavorable attitudes on which these groups tended to agree were:

| Unfavorable Attitudes | Average Ranking of 8 Highest Occupational Group Among All Occupational Group |
|---|---|
| Crusade worker was ineffective | 5.00 |
| No personal benefit from Crusade is recognized | 5.75 |

From these factors one can suggest that these occupational groups tend to identity with the company leadership and to adopt their perspective. They see their company and themselves fulfilling their social responsibility by giving to the Crusade. Their giving is not due to any actual personal benefit they have received or might in the future receive from Crusade supported services. Nor is it due to effective solicitation efforts of the company campaign.

Which occupational groups tended overall to have more negative attitudes then others in opinion areas pertinent to the Crusade of Mercy?

The four occupational groups with less favorable attitudes overall were:

| Occupational Group | Average Ranking Among 8 Occupational Groups on All Attitudes combined |
|---|---|
| Laborers | 6.72 |
| Clerical | 5.00 |
| Operatives | 4.72 |
| Service workers | 4.44 |

The negative attitudes on which these groups tended to agree were:

| Unfavorable Attitudes | Average Ranking of 4 Lowest Occupational Groups Among all Occupational Group |
|---|---|
| Pressured to decide on giving. | 6.25 |
| Business has no social responsibility | 6.25 |
| Distruct of large institutions - business and human services. | 6.25 |
| Giving is not a part of job responsibility | 6.00 |
| No genuine employer concern for giving. | 6.00 |
| Crusade of Mercy is inefficient at managing funds. | 5.75 |
| No psychological or economic support from employer | 5.75 |

There was only one favorable attitude on which these occupational groups agreed, namely:

| Favorable Attitudes | Average Ranking of 4 Lowest Occupational Group Among All Occupational Groups |
|---|---|
| Actual or potential personal benefit from the Crusade of Mercy is recognized | 3.25 |

As one might logically expect, the distinguishing attitudes of the less favorable occupational groups are virtually identical with those of the more favorable occupational groups -- but in the opposite direction. These less favorable groups tend not to identify with their company or human service systems. They tend to see company leadership as insincere, insubstantial, and (since in their view leadership overly pressures them) hypocritical in their support of the Crusade. Employees in these occupations also tend to reject the idea that business should be socially responsible and the perspective that giving is a part of their job responsibility. They also express some doubt about the Crusade's ability to efficiently manage contributed funds. While they recognize that Crusade supported services may personally benefit them at some time, there appears to be no discernible carry over from this recognition into other attitude areas.

What does this description of attitudes by occupational groups tell us about company campaigns? While more conjectural than substantiated fact, this description suggests the following conclusions:

(a) Persons in positions with more authority, higher social status, and better pay generally tend to have much more favorable attitudes toward the Crusade of Mercy. Thus, campaign strategy might well be different for these two group.

(b) This occupational divergence in attitude toward the Crusade seems to be based on the nature of the relationship which the employee has to his company. Those with "better" jobs or those "higher" in the company superstructure tend to identify with the firm (or at least have minimal hostility and alienation from the company), receive the message that their leadership genuinely supports the Crusade, and readily accept this as their own position. Those with the "less desirable" jobs or those "lower" on the organizational chart tend to dissociate themselves from the company, reject the idea that the firm leadership really believes in supporting the Crusade, and appear to be unwilling or reluctant to support the Crusade themselves.

(c) How a company alters its campaign for lower echelon employees depends on which of two interpretations seems most applicable to the particular company. If the distrust and cynicism of these employees toward the company leadership (and leadership's support of the Crusade) seems to be attributable to inadequate communication, then, perhaps the campaign should direct some attention to providing tangible -- or at least less perfunctory -- evidence of leadership's genuine support of the Crusade and of their belief in the concrete benefits it has for their employees and others in the community. This discernible manifestation of genuine support could take various forms -- e.g., making an in-house announcement of the size of the corporate gift and the per capita giving (or per cent increase) among company executives, having employees who are identified as leadership attend campaign meetings and express their own commitment to and belief in the Crusade, committing the corporate gift to be some set ratio of employee giving.

If the distrust and cynicism of these employees toward the company leadership (and leadership's support of the Crusade) seems to be attributable not to poor communication but to a more deeply-rooted predisposition among these employees to separate themselves from interpersonal and institutional commitments or ties, then simply conveying evidence of corporate support for the Crusade will hardly produce changes in attitude and behavior. In this instance increased employee giving might be pursued in any of at least four ways.

1) The company can make an extended effort to address the conditions underpinning this predisposition toward cynical detachment.

2) The campaign can be more aggressively structured since the sense of alienation and of being pressured to give will undoubtedly persist under any campaign conditions.

3) The company can encourage giving by pointing to immediate concrete rewards which employees will receive by increased giving. For example, instituting a continuous giving program and emphasizing that fair-share givers will never be solicited again would provide a direct pragmatic reward which might have widespread appeal among employees who dislike or resent the infringement on their privacy wrought by annual organized solicitation.

4) The company can emphasize the benefits received by employees from Crusade-supported services and can de-emphasize the use of corporate leadership support for prestige value. Employees can and probably should know about the position of management, but this information should not be accompanied by a strong leadership appeal for employees to follow the example set by management. Such an influence attempt might negate the persuasive impact of the emphasis on social service benefits to employees.

d) The campaign directed at upper echelon employees could put increasing emphasis on all of the favorable attitudinal areas mentioned above. Since these people tend to view contributing to the Crusade as a part of their job responsibility which does not personally benefit them, one might wish to expand the bases of Crusade support to include other attitudinal areas. Whether or not such an effort would increase giving, however, is debatable. There is not, at present, any strong concern about service recipients, about voluntarism, or about other factors on which to build. Efforts designed to convince these people that they may personally benefit from the Crusade (e.g., through the Boy Scouts, their area YMCA) might confuse their current perspective on contributing which seems to be fulfilling their civic and business responsibilities to those less fortunate than themselves through the fairly efficiently run Crusade of Mercy.

## 2. ATTITUDES AND TRADE GROUPS OF RESPONDENTS

### Which Trade Groups Tended Overall to have More Positive Attitudes than Others in Opinion Areas Pertinent to the Crusade of Mercy?

Respondents in five of the 18 trade groups sampled ranked high or favorable in their Crusade relevant attitudes relative to other trade groups. These five were employees in:

| Trade Group | Average Ranking Among 18 Trade Groups on All Attitudes Combined |
|---|---|
| Agricultural equipment | 7.6 |
| Photographic equipment manufacturing | 7.8 |
| Building products manufacturing | 8.2 |
| Industrial equipment manufacturing | 8.8 |
| Printing and publishing | 8.9 |

These trade groups were most positive on the following factors:

| Favorable Attitudes | Average Ranking of 5 Highest Trade Groups Among All Trade Groups |
|---|---|
| Reacted positively to social pressure for giving | 4.2 |
| Felt their employer had a genuine concern for giving | 5.6 |
| Believed the voluntary sector and not government had a service responsibility | 6.2 |
| Trusted the business and agency institutional system | 6.2 |
| Espoused an altruistic perspective toward life | 6.6 |
| Recognized the personal benefit they derived or might derive from Crusade of Mercy services | 6.8 |
| Giving was seen as part of their job responsibility | 7.6 |
| Crusade worker was effective | 7.6 |

These same trade groups were weakest on the following factors:

| Unfavorable Attitudes | Average Ranking of 5 Highest Trade Group Among All Trade Groups |
|---|---|
| Viewed social welfare unfavorably | 11.4 |
| Opposed group effort to solve common problems | 11.2 |
| Felt Crusade of Mercy did not manage funds expertly | 11.0 |

Falling between the trade groups with the best overall attitudes and those with the worst were the remaining seven trade groups in the sample. These consisted of employees in:

| Trade Group | Average Ranking Among 18 Trade Groups on All Attitudes Combined |
|---|---|
| Accounting | 9.1 |
| Fuel | 9.1 |
| Food and home products | 9.4 |
| Business services | 9.6 |
| Electrical equipment | 9.8 |
| Office machines and supplies | 9.8 |
| Utilities | 9.8 |

## Which Trade Groups Tended Overall to have More Negative Attitudes than Others in Opinion Areas Pertinent to the Crusade of Mercy?

Respondents in six of the 18 trade groups sampled ranked low or less favorable in their Crusade relevant attitudes relative to other trade groups. These six were employees in:

| Trade Group | Average Ranking Among 18 Trade Groups on All Attitudes Combined |
|---|---|
| Banking | 11.7 |
| Research | 11.0 |
| Chemical and drug manufacturing | 10.5 |
| Insurance | 10.2 |
| Retail food | 10.2 |
| Retail department stores | 10.0 |

These trade groups were most negative on the following attitudinal factors:

| Unfavorable Attitudes | Average Ranking of 6 Lowest Trade Groups Among All Trade Groups |
|---|---|
| Felt their employers had no genuine concern for giving | 14.0 |
| Did not see giving as part of their normal job responsibility | 13.3 |
| Did not trust large institutions - both business and human care | 13.3 |
| Reacted negatively toward social pressure to give | 13.0 |
| Did not recognize any actual or potential personal benefit from Crusade services | 12.8 |
| Felt the voluntary sector was not particularly effective and were not opposed to government taking over voluntary sector activities | 12.2 |

These same groups were most positive on the following factors:

| Favorable Attitudes | Average Ranking of 6 Lowest Trade Groups Among All Trade Groups |
|---|---|
| Business has a social responsibility | 7.2 |
| Supported group effort to solve common problems | 7.8 |

The ranking of a company's trade group will to some extent reveal how much or how little effort is needed to generate attitudes toward the Crusade which (relative to other trade groups) can be regarded as highly favorable.

Beyond identifying which groups have the most favorable and the least favorable attitudes toward the Crusade of Mercy, the analysis of trade groups does not tell one very much. Two points, however, may be worth mentioning. First, those in manufacturing trades tended to have more favorable attitudes, while those having more public contact seemed to have less favorable attitudes. This distinction probably reflect differences in operating structure of companies. Companies organized for manufacturing may be better suited structurally for conducting employee campaigns and, therefore, may have done a better job of telling the Crusade of Mercy story.

Companies whose employees are less insulated from the public may have more difficulty conducting an effective employee campaign due to dispersion of personnel or lack of control over customer demands on employee time.

Second, the attitudinal dimensions which best distinguish between the trade groups having the most and least favorable attitudes overall, tend to be some of the same ones which discriminate among occupational groups and educational levels. In part this repetition is undoubtedly due to overlap among individuals' occupation, education, and trade group classifications. In part it suggests that these particular attitudes are the most salient and most representative of employees overall attitude toward the Crusade of Mercy. They may well be the attitudinal dimensions most highly related to employee giving, but the scope of the present research does not permit the verification of such an inference. Within this framework one can assert that the attitudes which seem to deserve the most attention in employee campaigns are:

1. Genuine concern of employers for Crusade giving including both psychological and economic commitment
2. Giving to the Crusade as a part of job responsibility probably reflecting an atmosphere created by the company leadership
3. Trust of large business or human service institutions
4. Actual or potential personal benefit from Crusade-supported services
5. The responsibility of business for community social problems which implicitly contains attitudes toward voluntarism, government responsibility for social problems, and one's evaluation of the effectiveness and efficiency of both the governmental and non-governmental sectors

## 3. ATTITUDES AND EDUCATION OF RESPONDENTS

### What was the Relationship between Employees' Educational Level and Their Attitudes Pertinent to the Crusade of Mercy?

Education is related to Crusade relevant attitudes in a complex way. Statistically the relationship is described as nonlinear or curvilinear. The most favorable attitudes are exhibited by those with the least education -- persons who did not continue beyond elementary school or who started but did not complete high school. Generally, these persons reacted positively to the Crusade campaigns conducted by their companies.

They felt free to decide about giving, believed the amount requested was reasonable, evaluated the Crusade worker as effective, and viewed their contribution as a part of their job responsibility. On the other hand, they did not feel the corporate leadership strongly supported the Crusade -- psychologically, economically, or even for public image purposes. In addition to the campaign itself, these less educated employees were sympathetic to organized giving, felt they had or might personally benefit from Crusade services, and were concerned that the needs of the less fortunate be addressed. However, they also were favorably disposed toward governmental involvement in social problems and were not enthusiastic believers in the social responsibility of the business community. They also reacted somewhat negatively to social pressure, and were not convinced that the Crusade managed funds efficiently. In summary, then, those with little formal education seemed to be favorably disposed toward the Crusade primarily because of an awareness of, concern about, and identification with the kinds of people whom they believe need and utilize the social service system -- both voluntary and governmental.

The complexity in the relationship between education and Crusade relevant attitudes comes when those with more education are considered. It is not correct to say that the more educated the employee is, the more negative are his attitudes toward the Crusade. Those whose attitudes were next most favorable were persons with the most education -- college graduates and individuals with additional professional or graduate school education. These most highly educated persons felt their employers were supporting the Crusade both psychologically and economically, that business has a social responsibility, and that social pressure to give was definitely present but readily acceptable. In addition they expressed a trust in big institutions -- both businesses and social service agency systems -- and believed the Crusade managed their funds efficiently. On the other hand, these persons tended to accept least the idea that they might derive some personal benefit from Crusade-supported services and had little sympathy for the idea of helping the needy through a social welfare system. They also felt the Crusade worker was not particularly effective. Thus, in contrast to the least highly educated, these persons focused their positive attitudes around their company leadership. They tended to identify with that leadership and with the support which they thought their leadership was giving to the Crusade rather than with the recipients of services supported by Crusade dollars.

Those persons who graduated high school but either did not attend or complete college are undoubtedly the largest category of employees, and overall they were the least positive in their attitudes toward the Crusade. Yet, relative to the other two groups, their attitudes on most factors tended to rank -- like their educational attainment -- midway between the elementary school and college graduate groups. These persons tended to distrust large institutions, did not thing that business has a major social responsibility, and did not believe in the effectiveness of the voluntary services sector or prefer it to government performance of its current functions. They also tended to see their employers' support of the Crusade as more of a public image concern than true psychological or financial support. Finally they did not think that Crusade giving was a part of their job responsibility, and they did not see the necessity for a group effort to solve common problems. On the other hand, they did recognize that the Crusade can help to resolve some social problems, and they were not unduly egocentric.

In short, the broad range of persons who were high school graduates expressed a modest detachment from, indifference toward, and disaffection for virtually all social elements with whom they might identify. They do not identify with big business, with the human services system, or with those individuals needing these services. While they are not especially prone to putting themselves before others, neither are they predisposed to participating in a cooperative joint effort designed to address community social problems.

## 4. ATTITUDES AND RESIDENCE OF RESPONDENTS

### Which Residential Group, City or Suburban, Tended to be More Positive in Opinion Areas Pertinent to the Crusade of Mercy?

Overall city residents appeared to be only slightly more favorable in their attitudes bearing on the Crusade of Mercy. Urbanites were more favorable than suburbanites on ten of the 18 attitude factors. The three attitudes on which city residents were most distinctly more favorable were:

The amount of money requested was reasonable

The importance of voluntary sector responsibility for social problems relative to government

The freedom to decide about contributing

On the other hand suburban residents were most distinctly more favorable than city dwellers on the following attitudes:

- Trust of large business or human service institutions
- Support of group effort to solve common problems
- Crusade efficiently manages funds
- Employer genuinely concerned about supporting Crusade

On all other factors, the difference in attitude between the two groups were utterly inconsequential.

There is no readily apparent distinction one can infer between city and suburban residents from these two sets of discriminating attitudes. On a more subtle level, one might detect a difference in social cohesion and life style between these geographically separated groups. City dwellers seem to attach somewhat greater importance to issues relating to individuality, freedom of choice, voluntary rather than compulsory giving and so on. Suburbanites are drawn more to group and institutional ties, to trust, and concern for others as salient issues. Such a difference between the two groups has had substantial empirical support:the city being more anonymous, diverse, and tolerant of deviance, and the suburbs being more friendly, homogenous, and socially conforming.

If correct, the emphasis in companies dominated by urban residents might focus on voluntarism and individual choice, while companies peopled by suburbanites should stress helping, common concern, management's support, and related issues. However, it should be noted that these two groups did not differ greatly on most attitudes. As a result, devising separate strategies for employees based on their residency probably would be an inefficient and relatively fruitless route to pursue.

## 5. ATTITUDES AND SEX OF RESPONDENTS

### Did Men or Women Tend to be More Positive in Opinion Areas Pertinent to the Crusade of Mercy?

The distinction in attitudes between the sexes was quite small. Males were more favorable in ten attitude areas and females were more favorable in eight. The differences between the groups were so small on most attitudinal dimensions that only four attitudes seem worth mentioning at all.

Men were more favorable about:

Business having a social responsibility

The Crusade efficiently managing funds

Women were more favorable about:

The contribution amount requested being reasonable

The Crusade being an effective means for addressing social problems

Perhaps these four attitudes reflect a tendency on the part of male respondents to have more of a business orientation and a tendency on the part of female respondents to have more of a personal perspective. If this interpretation is correct, the campaign for male employees should focus on the benefits and relationship of the Crusade to business. For female employees the needs being addressed, the services provided, and the benefits to recipients should be the principal campaign focus. Again, it should be emphasized that the attitudinal difference between the sexes appears to be so trivial that devising campaign strategies aroung this characteristic of employees hardly seems to be worthwhile.

## C. CONCLUSION

While the findings of this study are too numerous to recapitulate here, a summary reaction to these findings can be stated in a few sentences. If one can assume that employee attitudes are directly linked to their wallets, the results of this study generally seem to be encouraging. Taken as a group, respondents clearly have a modestly positive regard for the Crusade of Mercy. In addition there was substantial evidence to indicate that what negative attitudes did exist were attributable more to lack of accurate and thorough information about the Crusade than to any basic predisposition against the Crusade or the principles on which the Crusade is based. Employees want to help their fellow citizens and are not resolutely opposed to charitable giving or to the voluntary human services system.

Many company employees, however, have not yet been fully convinced that the Crusade can and is doing the job efficiently and effectively. Hopefully, some of the detailed findings in this report have identified directions in which future campaigns can move in order to convince employees that the Crusade of Mercy is worthy of their generous giving.

# CHIEF EXECUTIVE OFFICER STUDY

Public Relations Division
of the
Metropolitan Crusade of Mercy

Department of
Studies and Research
Winter, 1975

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The fiscal 1975 research study of the Public Relations Division focused on chief executive officers of companies contributing to the Crusade of Mercy. The attitudes, knowledge and behavior of these business leaders is generally regarded as crucial to the success of the Crusade, but little systematic information of this type has been available to the Crusade leadership for planning purposes.

The study consisted of two parts. The first involved tape recording interviews with a small number of business leaders who, for the most part, were deeply involved in the leadership structure of the Crusade. The second part involved mailing questionnaire to a large cross-section of chief executive officers whose companies are solicited by the Advance Gifts and Business and Professional divisions.

## The Interview Study

The intent of the interview study was two-fold. First, the interviews were designed to elicit insights and experiences of leaders involved in recent Crusade campaigns. This information was to be summarized and presented to the 1975 campaign leadership as an aid to their planning. Second, the interviews were to assist in the construction of the structured questionnaire to be mailed in the latter phase of the research.

From the originally designated sample of 43 persons, some 36 leaders were able to grant us the 30 to 45 minutes necessary to conduct the interview within the time limits established for data collection. Those interviewed were for the most part extremely cooperative and seemed to respond openly and candidly. In general they regarded the interview as worthwhile and appeared to be quite pleased that the Crusade was interested in their opinions, ideas, and reflections on the basic characteristics and issues of the campaign.

A brief summary of their responses to each interview item is presented below. Both the interview schedules (which contain cursory notes of the oral responses) and the verbatim tapes are available for further scrutiny. All references to the names of interviewees, however, have been deleted from these materials. Only the Public Relations Division retains a list identifying the business leaders participating in the study.

1. In your opinion, what roles does the Crusade of Mercy fulfill?

All of the interviewees visualized the Crusade of Mercy as a fund-raiser for private, not-for-profit health and social welfare organizations. In performing this single function, the Crusade was seen as a cohesive force bringing coherence, rationality, and order to the charitable giving role of the Chicago area corporate community. While its identity was characterized as more "social" than "business," both labels typically were applied in a highly specialized sense. The Crusade was regarded as "social" in that most funds raised are allocated to social service agencies addressing social problems. Many respondents explicitly distinguished this meaning of social from sociability and social status or prestige, noting that the Crusade differed from other fund-raising efforts in terms of this latter meaning. The Crusade, they felt was virtually free of concerns about social status, "high society," or personal recognition. The Crusade was seen as the central conduit for charitable giving both for the business community and for individual employees ranging from the chief executive officer down to the lowest paid and least prestigious workers. In this sense the Crusade was regarded as more business than social in orientation. The Crusade was also viewed as similar to a business in that its organizational activities -- such as goal setting, administration and promotion -- should be, and generally are thought to be in accord with the operational procedures of most business enterprises.

2. Do you feel the Crusade is similar to any other charities?

Most respondents viewed the Crusade as a unique organization in the Chicago area, though many mentioned its similarity to United Way organizations in other cities with which they were familiar. The uniqueness of the Crusade locally seemed to center on its raison d'être, to conduct one unified and efficient fund-raising campaign for all of the important and most effective health and social welfare agencies in the Metropolitan area which rely on charitable giving. At least two other positive characteristics of the Crusade also received frequent mention in answers to this question. First was the Crusade's ability to secure contributions at a fund-raising cost of only five percent, and second -- and an obviously related feature -- was the Crusade's strong reliance on volunteers throughout its operation. Not all respondents mentioning these points were claiming that the Crusade was the only eleemosynary organization in the area with low overhead and substantial volunteer input. However, these two characteristics clearly seemed to be salient features of the organization which quickly come to mind when thinking about or discussing distinctive aspects of the Crusade of Mercy.

3. What agencies supported by the Crusade come to mind first?

While participation in the leadership of the Crusade campaign seems to have familiarized chief executive officers with the basic role and distinctive features of the Crusade, such participation does not appear to be a primary source of identification with and commitment to Crusade-supported agencies.

In most instances respondents identified those agencies with which they had personal involvement independent of their Crusade activities. Thus, prior or concommitant involvement with Crusade-supported agencies probably does more to bolster CEO's identification with and commitment to the Crusade than does Crusade involvement heighten ties with specific agencies.

In identifying the prominent Crusade-supported agencies, CEO's named between none and seven organizations with an average of three. Not infrequently agencies were identified by the type of services they provided (e.g., child care, youth, rehabilitation, foster care) rather than by name. In some instances this seemed to reflect a lack of thorough knowledge on the part of the respondent. Among the named agencies, those most frequently mentioned were the Red Cross (15), The Boy Scouts (12), the YMCA (10), and the major religious charities (Jewish Federation, Catholic Charities, and United Charities). Those organizations cited with less frequency fell into categories of health care, child welfare, rehabilitation, and minority services.

4. Do you feel you have enough information about the agencies and services which are presently supported by the Crusade?

Most interviewees felt they had adequate knowledge about the broad goals and objectives of Crusade-supported agencies, but with so many agencies receiving funds, it was impossible to have detailed knowledge about them all. About three-fourths of the respondents regarded themselves as well informed about funded agencies and services. Those regarding their level of knowledge as inadequate indicated that the information was available to them but time to peruse it was not. Whether they believed themselves well informed or not, most interviewees were confident that should more information be required, the Crusade had the needed facts readily available for them. A few respondents, however, did express the view that, in terms of a cost-benefit analysis, sufficient information was not available to justify current levels of funding to some Crusade-supported agencies.

5. Do you feel the Crusade dollars are best used by the agencies that are presently supported?

In answering this question most interviewees seemed to be referring primarily to the Community Fund of Chicago, but undoubtedly some were directing their remarks equally or more so to the Red Cross and Suburban Community Chest Council. Overall, approximatelv half of the respondents felt presently funded agencies were the ones who could best use Crusade dollars. This affirmative judgment most often seemed to be based on high esteem for and trust in the committees charged with establishing priorities and needs, making allocations, assessing performance, and admitting agencies to membership.

The half of all respondents who were not prepared to endorse the existing system for the distribution of Crusade dollars fell into two equal sized categories. First, a number of interviewees simply felt they did not possess sufficient information to offer a definite answer. The second group offered specific criticisms of the current system for distributing Crusade funds. Virtually all of these criticisms centered on the rigidity and uncritical operation of the system. These respondents seemed to feel that Crusade dollars proportionately go to the same agencies and for the same services year after year. The system should be modified to introduce more flexibility, to permit more rapid and more dramatic shifts of funds as needs and cost-effectiveness levels change. Some respondents seemed to feel the trends in the distribution of Crusade dollars were in the correct direction, but that more celerity was called for. One specific alteration in the system mentioned by a number of respondents was the need to terminate funding of agencies whose services become duplicative and/or ineffective. Some noted that the intensive scrutiny and high standards required for admission should perennially be applied to member agencies in order for them to retain their membership. Minimally a more consequential elmination process (perhaps handled by a new committee) was regarded as highly desirable by these respondents.

6. Do you feel agencies currently receiving Crusade dollars could raise just as much through separate campaigns? Why or why not?

All of the executives in the sample agreed that Crusade-supported agencies could not raise so large an amount of money on their own. Generally the respondents believed only a few of the larger agencies might be able to match their current levels of funding through separate efforts. The remaining smaller agencies simply would not have the fund-raising resources and could not command the attention and interest of the business community in the highly intense competition for charitable dollars which would occur. Even among the larger agencies who could match current levels of support, the respondents clearly felt fund-raising costs would be much higher than the Crusade's five percent. Loss of the Crusade, it was thought, would produce a substantial diminution in leadership, volunteer, and media support -- all of which are regarded as key elements in the Crusade's success. Particularly vital consequences of one unified campaign which would be impossible to maintain with separate fund-raising drives are employee solicitation and payroll deduction. Corporations simply could could not permit an endless flow of in-house charity drives and multiple payroll deduction plans.

7. Do you feel the kinds of problems the Crusade addresses could be handled as well by government agencies? Why or why not?

All but two respondents expressed the view that the private sector was superior to the government in addressing social problems. And even the two executives who granted at least parity in performance between public and private sectors supported the maintenance and expansion of non-government agencies simply because government has not been able or willing to meet the human needs being addressed by the private sector.

Very few respondents saw an overlap in public and private agencies' services. But distinctiveness of services was not the only reason for the prevailing preference among respondents for the private agency system. At least four inherent differences between the public and private sectors accounting for the superiority of the latter were identified.

a. The private sector relies heavily on volunteerism while government does not. Relegating all social problems to government would destroy volunteerism and with it much of the public's awareness of and concern for those in need. Caring about others and personally getting involved in doing something for others are essential to the viability of our society.

b. Government is more wasteful in its use of money and resources than the private sector. Not only is this felt to be true at the service-providing end but also at the fund-raising and allocation steps. The processes of raising and distributing taxes is regarded as more costly than the Crusade operation.

c. Public agencies tend to become routinized, narrow in their perspective, and overly specialized in their domain of responsibility. The result is that new and emerging needs are not identified, some human care needs are not met, and services tend to be reactive, rehabilitative, and occasionally punitive rather than anticipatory, preventive, and therapeutic.

d. Constant competition for dollars and for survival itself forces human service agencies to strive for and attain a high degree of excellence in their performance. Without such effectiveness the agency fails to grow or survive. In the public sector no such motivation exists or executive and legislative funding sources can impose only slight and sporadic pressure for excellence.

8. Are you approached by other charitable organizations? Which ones come to mind?

Twenty-eight of the 30 chief executive officers in the sample said they were frequently solicited, one was seldom solicited, and one mistakenly was not asked this question. In identifying these other charitable groups, a wide variety of organizations were mentioned. Most frequently cited were hospitals and educational institutions, each of which were mentioned 12 times. Less often cited were cultural organizations (7), The Heart Fund (6), The American Cancer Society (6), and the YMCA (4). Of the remaining responses, most were in the areas of health, youth services, religious groups, and minority organizations. Two respondents also noted that they were inappropriately solicited by Crusade-supported agencies.

9. What are the primary factors you take into consideration in deciding to which ones your company will contribute?

Eighteen of the thirty chief executive officers asked this question answered that either or both demonstrated need and benefit to the City of Chicago were basic criteria. Other factors commonly cited were: the quality of the proposed budget and the management capability of the agency; relevance of the service to the target community; and diversity in the institutional areas supported by the company.* Many of the executives for larger corporations indicated that committees apparently somewhat removed from their own sphere of knowledge and exerted influence review and make decisions on charitable requests. Two respondents stated that they only support the Crusade of Mercy.

10. What do you feel are your primary responsibilities in the campaign within your company?

All but one of the respondents indicated that they delegate primary responsibility for the conduct of the employee campaign within their company to someone else. Often, however, the chief executive officer assumes responsibility for:

(a) appointing the company chairperson who should be competent, committed and in a position of sufficient power and prestige to let employees know management is serious about the Crusade campaign;
(b) monitoring the selection of divisional campaign leaders;
(c) overseeing the formulation and implementation of detailed, carefully thought out plans for the campaign;
(d) communicating management's support for the Crusade to employees through some form of message;
(e) setting an example for employees to follow by making a generous personal and corporate contribution to the Crusade;
(f)establishing an objective for the campaign;
(g) seeing that peer persuasion and union involvement are given strong emphasis in the campaign;
(h) building pride in Crusade campaign accomplishments through divisional competitive awards, solicitor recognition luncheons, and other techniques.

11. How do you feel about Fair Share giving? Are Fair Share standards reasonable, too high or too low?

Generally Fair Share is felt to be an adequate and acceptable standard. Twenty-four of the 28 chief executive officers answering this question stated that Fair Share levels are reasonable. Three felt Fair Share standards were too low, and would only prove adequate to meet community needs if many more workers in the Chicago area can be induced to give Fair Share. If Fair Share standards were increased, these three respondents felt the raise should focus on senior executives and top management who could reasonably be expected to contribute two percent of their annual salaries.

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* Some respondents expressed the view that their charitable dollars should be balanced among health, educational, social service, and cultural organizations.

Only one interviewee thought current Fair Share standards of one day's pay and one percent were too high. Despite their feelings about present standards, respondents seemed to agree that the greatest potential for growth in Crusade revenues was broader adoption of Fair Share giving by area employees.

12. Do you feel it is realistic to measure your company's performance in relation to the amount you would raise if all your employees gave Fair Share?

Only 11 of the 33 executives answering this question expressed unqualified acceptance of 100 percent Fair Share giving as a realistic benchmark of performance. For the most part the remaining 22 respondents saw some utility and some inequities in Fair Share potential. They seemed to think it was useful to have a giving potential figure with which to assess their companies performance but that 100 percent Fair Share often times was more an idealistic rather than a realistic measure of potential. Many identified special circumstances -- e.g., having a large number of independent professionals -- which they felt mitigated against ever reaching the company's Fair Share potential level. Since these circumstances do not hold for all companies, uniformly assessing their performance against this figure introduces inequity into the system.

A few respondents criticized Fair Share potential from another perspective. They seemed to feel that any company which achieved or came very close to reaching 100 percent Fair Share giving had to be exerting coercive pressure on their employees. The use of such pressure was regarded by these executives as antithetical to the idea of voluntary giving. Thus, to these few men Fair Share potential was not considered to be unrealistic or inequitable from one company to another so much as it was considered to be undesirable.

13. What benchmarks do you use to guage your company's performance in the Crusade campaign?

Among the chief executive officers asked this question, the primary yardstick for assessing performance appeared to be comparing one's own giving with that of other companies regarded as similar to one's own. Such similarity seemed to be based on size of company as measured by number of employees, product line or trade group composition of employees, and corporate earnings. Besides such total dollar comparisons, respondents also seemed to utilize per capita giving, percent increase in giving over the previous year, percent increase in contributing employees, and change in the relationship of actual giving to Fair Share potential from one year to the next.

14. Have your attitudes toward the Crusade of Mercy changed at all between the 1973 and 1974 campaigns?

The unanimous response of chief executive officers was "no." Several mentioned that if any change in their attitude occurred, it was a slight increase in their enthusiasm or in their regard for the professionalism of the Crusade operation. This sample of executives clearly was already so involved in and committed to the Crusade in 1973 that their previous high opinion of the Crusade was unlikely to change much due to their experiences in the 1974 campaign.

15. Has your employee campaign been different this year from last? If yes, how?

Twenty-two of the 28 responding chief executive officers indicated that the basic characteristics of their employee campaign had remained unchanged between 1973 and 1974. The changes introduced in the other six companies were as follows:

a. Leadership trips to Crusade-supported agencies
b. More thorough organization of the campaign
c. Selection of more effective group leaders
d. Reduction in the number of meetings held
e. More emphasis on Fair Share giving
f. Refusal of cash contributions to encourage larger payroll deduction gifts
g. Unification of people toward one goal

In each instance the respondent indicated that the change was thought to have produced favorable results in the company campaign.

16. What procedures do you use in your company campaign that you feel help to make it successful?

While the nature of company campaigns varies substantially, sampled chief executive officers seemed to agree that careful planning and proper solicitation were the key factors to a successful campaign. More specifically, the following procedures were repeatedly mentioned as elements of successful employee campaigns.

a. a well organized campaign structure which includes top corporate management and both formal and informal labor union leaders with decentralization of authority and responsibility and training of campaign leaders
b. the CEO should appoint the campaign chairperson, see that campaign goals are established, and monitor the conduct of the campaign
c. broad employee exposure to the Crusade campaign including meetings for all employees and publicity in company newspapers
d. personal appeal including peer solicitation and testimonials from employees who have had benefits from Crusade-supported services
e. availability and emphasis on payroll deduction, Fair Share giving, and continuous giving
f. develop a sense of pride in the campaign and provide recognition and tangible rewards for good performance such as luncheons, cocktail parties, awards, a day off.

17. What have been the most valuable aids given to you by the Crusade volunteers to help you conduct the campaign within your company?

The one aid most frequently mentioned by the 28 chief executive officers was the general campaign film (12). Less frequently cited as valuable were the Loaned Executives (5), printed materials in general (4), and Ted Forrester (4). Also mentioned as helpful were the kit, the planning sheet, lapel pins, stickers and brochures. Four of the respondents indicated they could not answer the question since they did not get involved in the campaign sufficiently to evaluate the materials provided. Some who answered the question also noted that they were not the best person to assess the supplied aids and that they felt their knowledge was not fully adequate for this question.

18. In your opinion what have been the major weaknesses in the way the Crusade of Mercy runs the campaign?

This question elicited numerous suggestions for improvement and mild criticisms, though five of the 36 respondents felt the Crusade had no noteworthy weaknesses and three said they simply didn't know enough about the Crusade to answer.

The principal criticism of the Crusade among these executives was that too much of the financial burden rests with a few of the largest Chicago corporations. Greater efforts should be made to broaden the Crusade's appeal to the many medium and smaller sized companies who presently are not contributing their proportionate share. The continued concentration of Crusade resources on those accounts which have supported the organization for many years is viewed as inefficient and inattentive to the areas with the greatest potential for increased giving.

A second neglected area mentioned by respondents was professionals, such as doctors, lawyers, and school teachers. Far greater financial support should be sought from these groups. The self-employed professional in particular is a virtually untapped resource.

Another weakness of the Crusade cited by several executives was the lack of public knowledge about the Crusade and its basic functions. In this regard one interviewee expressed the view that people are confused by the lack of recognizable connection between the Crusade of Mercy and the United Way.

Other areas of weakness cited by respondents included the following.

a. how and to whom Crusade funds are distributed
b. lack of exposure for campaign leadership to Crusade-supported agencies
c. excess pressure in the conduct of campaigns
d. permitting separate fund-raising campaigns by Crusade-supported agencies
e. lack of involvement of labor leaders in the Crusade campaign
f. inadequate orientation of corporate executives to positions of campaign leadership

g. bad publicity about the Crusade from Chicago columnists like Mike Royko, Jack Mabley, and from Action Line
h. Need for definite approach to the solicitation of companies headquartered in other cities
i. widespread unfavorable public opinion about the Red Cross
j. Chief Crusaders should be asked to call on only two rather than five companies
k. Crusade staff should be more firm and persistent in their follow-up efforts on incomplete Chief Crusader tasks
l. Perpetual annual increase requests of five to ten percent are too demanding

Finally opposing views were voiced about the relationship of one year's campaign to the next. One opinion was that more continuity between campaigns was needed, while another view was that a fresh approach was much needed by the Crusade.

19. What improvements would you suggest that would help you run your company's campaign more effectively?

Fifteen of the 36 interviewees voiced substantial satisfaction with the current level of effectiveness of their in-house employee campaigns. An additional three executives stated that improvements in their campaigns needed internal company changes rather than any change in the form of assistance currently being provided by the Crusade. Four respondents said they could not comment from lack of knowledge.

Those specifying ways in which the Crusade could be of more help with employee campaigns cited the following areas:

a. the quality of loaned executives should be improved
b. some procedure should be established for the exchange of experiences and ideas among key company personnel
c. efforts to involve the chief executive officer in his company's campaign should be intensified when such involvement is lacking
d. education of the public about the Crusade should be expanded
e. more effective use should be made of the spot commercials
f. films should include references to and material about the suburbs
g. four or five persuasive slogans should be developed
h. a time limit should be set on the conduct of company campaigns
i. pledge cards should be personally handed to employees by peer solicitors
j. efforts to reduce the duplication in services among Crusade-supported agencies should be undertaken
k. the requested campaign goal should not always be increased

This part of the report on the Chief Executive Officer study was designed simply to summarize the experiences, insights, and opinions of a small sample of corporate leaders who have been deeply involved in the Crusade of Mercy. While their long standing participation in the Crusade identifies them as favorably biased toward the organization, their knowledge and candidness were deemed to be of substantial assistance in planning the direction of the 1975 Crusade campaign. Overall their assessment of the Crusade must be described as highly positive. Though some inadequacies in their own knowledge and in-house behavior and in the Crusade operation itself were apparent, it seems fair to conclude that the basic functioning of the Crusade of Mercy is in close accord with the wishes of its key volunteer leadership.

# 1975 SURVEY OF INVESTMENT COMMUNITY ATTITUDES TOWARD NORTHWEST INDUSTRIES, INC.

Dr. Albert Walker

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
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CS205225

# CORPORATE RELATIONS DEPARTMENT ANALYSIS

The survey contained herein provides certain quantitative and qualitative data which confirm or reject various hypotheses and communication objectives with regard to the manner in which Northwest Industries communicates to the investment community.

In highlight form, we feel the following conclusions can be drawn:

-- Northwest Industries quality is generally recognized by security analysts. Continuation of present communication program would be desirable to maintain this awareness, and to expand the program, since the survey indicates improvement is necessary with regard to portfolio management.

-- Throughout the survey there is evidence that the greater the knowledge of Northwest Industries the more positive the opinion regarding the company (See Addendum II). While it is difficult to differentiate whether interest in or knowledge of the company occurs first, there is strong evidence that one does not exist without the other. Since we cannot as easily influence the degree of interest a person possesses regarding Northwest Industries, we should concentrate our programs on continuing to provide timely information to the investment community, a factor we can control.

-- Overall, the survey showed that we should intensify our efforts to reach portfolio managers since their level of knowledge throughout the study was much lower than security analysts. The analysts should naturally be more interested in Northwest Industries by virtue of being identified as following conglomerates. More portfolio managers, on the other hand, should be at least knowledgeable regarding rudimentary facts about Northwest Industries--earnings, stockholders' equity, and product lines. For this reason the program of mailing information to about 3,200 portfolio managers on quarterly basis, begun with the 1974 annual report, should be continued, as well as to about 3,300 analysts and special requests.

-- One hypothesis that appears to be refuted by nature of this study is that the perception of "depth of management" can be obtained by parading members of staff and operating management before investment community groups. Through open-ended questioning, it was apparent that those who knew the company well, had a higher opinion of depth of management than those with a low level of knowledge. This was even the case when contact by high knowledge persons was only with the chief executive. Addendum I further substantiates the fact that there is a direct relationship between knowledge of the company and perception of a depth of management. We, therefore, believe that exposing more members of management to groups of analysts and portfolio managers, specifically for the purpose of demonstrating a depth of management, is of a low priority compared with programs designed for increasing the level of knowledge by the investment community of Northwest Industries.

-- The survey did point out the desire of the investment community to receive more information regarding the operating subsidiaries. Almost a majority of respondents suggested that they were receiving sufficient information from Northwest Industries (Table 12). However, when given the opportunity to suggest improvements in the communication, almost an equal number suggested more subsidiary information (Table 17). Of course, this increased subsidiary information includes a preference for subsidiary financial breakouts. However, judging from the open-ended comments, there is more need for general information about subsidiary products, markets, processes, raw materials--present and future trends. We believe the subsidiary financial breakout need could be diminished if more emphasis was given to general subsidiary information disseminated to the investment community. This finding confirms, we feel, the desirability for a day-long, operations review for key portfolio managers and security analysts. At this seminar, key subsidiary management could present an in-depth view of their respective companies, without necessarily divulging financial data.

-- We believe the survey results indicate that Northwest Industries should continue its schedule of meetings with the investment community with an extra effort to attract more portfolio managers to the meetings. The earlier meetings concentrated on analysts, and we feel this could be one of the reasons for their higher degree of knowledge concerning Northwest Industries.

It is interesting to draw comparisons between this survey and the one conducted by Louis Harris in 1972. Of course, exact comparisons cannot be made due to the difference in sampling methods and questioning. We can draw some conclusions concerning progress in certain areas due to the overall similarities in security analyst samples and in certain questions. One portion of the Harris Study concerning analysts who felt familiar enough with Northwest Industries to make an investment decision asked a series of questions regarding the company. Since the recent Walker Survey interviewed only security analysts following conglomerates, there is enough similarity to draw general comparisons. To increase this similarity in respondents, we disregarded the "don't know" responses from the Walker Survey in order to use only answers from knowledgeable analysts as did the Harris study. The questions from the Harris Study chosen (see attachment to this analysis) dealt with, "General quality of management," "Return on stockholders' equity," "Depth of management personnel," "Earnings growth rate over past 5 years," and "How well company communicates with institutional investors." The corresponding similar questions from the Walker Survey would be those found in Tables 8, 10, 7, 9, and 12 respectively.

The relationships on a positive response basis (in the Walker Survey, an "Excellent," "Good" or "Average" response was considered positive) are as follows:

| | 1972 Harris Study | 1975 Walker Study |
|---|---|---|
| Quality of Management | 59% positive | 93% positive |
| Stockholders' Equity Return | 39% positive | 92% positive |
| Depth of Management | 52% positive | 52% positive |
| Earnings Growth | 24% positive | 87% positive |
| Communications Programs | 67% positive | 86% positive |

Again, direct comparisons cannot be made but the strong positive improvement evidenced in the Walker Study indicates recognition by security analysts of our record. In the "depth of management" response, while still not a negative, no change could be attributed to the fact that Northwest Industries is still perceived as having a strong visible chief executive. The overall improvement, if these comparisons are valid, is attributable to Northwest Industries outstanding growth since the 1972 survey and to communicating this record. Other factors which probably influenced the lower 1972 responses were the then more recent occurrences of the Goodrich and 1969 earnings situations.

-- Finally, we feel that the survey indicates that there would be justification for a national identity-building campaign aimed at the general investment community. Responses to open-end questions suggested just this. In addition, there exists on the analytical side of the investment process a fairly good amount of positive information about Northwest Industries. An advertising program in the business and financial press could be the catalyst needed to trigger an awareness and "excitement" concerning Northwest Industries as an investment.

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## EVALUATION OF NORTHWEST INDUSTRIES AS AN INVESTMENT

(Base: Security analysts who feel sufficiently familiar with company to make purchase-sell recommendation)

| | Rating | | | | | Compared to Other Companies in Industry | | |
|---|---|---|---|---|---|---|---|---|
| | Positive % | Negative % | Ranking | Highest Positive Rating % | Lowest Positive Rating % | Above Average % | Average % | Below Average % |
| 1. General quality of management | 59 | 41 | 11th | 94 | 13 | 56 | 29 | 15 |
| 2. Predictability of earnings | 39 | 61 | 11th | 90 | - | 27 | 38 | 35 |
| 3. Profit margins | 45 | 55 | 10th | 97 | 2 | 30 | 49 | 21 |
| 4. Return on shareholder's equity | 48 | 52 | 10th | 87 | 2 | 41 | 42 | 17 |
| 5. Accounting procedures | 37 | 63 | 14th | 76 | 17 | 24 | 63 | 13 |
| 6. Rate of return on total invested capital | 53 | 47 | 6th | 85 | 3 | 56 | 27 | 17 |
| 7. Depth of management personnel | 52 | 48 | 12th | 87 | 11 | 26 | 59 | 15 |
| 8. Position in its industry | 60 | 40 | 12th | 99 | 20 | 54 | 28 | 18 |
| 9. Price/earnings ratio | 73 | 27 | 10th | 83 | 25 | 51 | 17 | 32 |
| 10. Level and type of debt | 33 | 67 | 12th | 74 | 3 | 29 | 40 | 31 |
| 11. Level of defense business | 58 | 42 | 11th | 89 | 41 | 33 | 44 | 23 |
| 12. Earnings growth rate over past 5 years | 24 | 76 | 12th | 96 | 2 | 30 | 41 | 29 |
| 13. Labor relations | 49 | 51 | 12th | 92 | 15 | 48 | 35 | 17 |
| 14. Genuine concern with fighting pollution and helping solve other social problems | 39 | 61 | 13th | 62 | 18 | 39 | 53 | 8 |
| 15. Down-side risk | 46 | 54 | 12th | 84 | 16 | 37 | 52 | 11 |
| 16. Coverage of debt | 45 | 55 | 10th | 86 | 5 | 40 | 32 | 28 |
| 17. Level of capital expenditures | 42 | 58 | 10th | 75 | 20 | 33 | 59 | 8 |
| 18. Depreciation practices | 50 | 50 | 10th | 74 | 15 | 33 | 57 | 10 |
| 19. Cash flow generated | 75 | 25 | 4th | 86 | 29 | 44 | 51 | 5 |
| 20. Dividend history | 18 | 82 | 16th | 96 | 2 | 18 | 46 | 36 |
| 21. Income from foreign countries | 59 | 41 | 10th | 81 | 26 | 36 | 51 | 13 |
| 22. Long-term past market action | 31 | 69 | 8th | 96 | 8 | 15 | 50 | 35 |
| 23. Recent market action of stock | 29 | 71 | 10th | 92 | 7 | 24 | 54 | 22 |
| 24. Price volatility | 30 | 70 | 15th | 86 | 14 | 41 | 43 | 16 |
| 25. Dividend yield | 31 | 69 | 12th | 91 | 1 | 32 | 27 | 41 |
| 26. Social awareness of management | 65 | 35 | 4th | 80 | 28 | 40 | 52 | 8 |
| 27. Price sensitivity to market fluctuations | 31 | 69 | 15th | 81 | 16 | 19 | 66 | 15 |
| 28. Number of shares in management hands | 67 | 33 | 3rd | 70 | 16 | 44 | 44 | 12 |
| 29. Number of shares in institutional hands | 47 | 53 | 13th | 83 | 24 | 38 | 50 | 12 |
| 30. Quality of stock specialist | 30 | 70 | 14th | 69 | 14 | 10 | 72 | 18 |
| 31. Frequency of stock splits and/or stock dividends | 7 | 93 | 16th | 83 | 5 | 3 | 74 | 23 |
| 32. Expected stock performance over next 6 months | 66 | 34 | 3rd | 67 | 21 | 60 | 20 | 20 |
| 33. Expected stock performance over next 5 years | 67 | 33 | 4th | 92 | 19 | 45 | 43 | 12 |
| 34. Industry diversification | 83 | 17 | 4th | 95 | 21 | 71 | 29 | - |
| 35. How well company communicates with institutional investors | 67 | 33 | 9th | 88 | 26 | 58 | 27 | 15 |
| 36. Price/cash flow ratio | 72 | 28 | 4th | 83 | 26 | 66 | 31 | 3 |

# REPORT OF FINDINGS AND ANALYSIS
# OF A
# NATIONAL SAMPLING OF SECURITY ANALYSTS
# AND PORTFOLIO MANAGERS

CONDUCTED FOR

NORTHWEST INDUSTRIES

By

Albert Walker, Ph.D.

September-October, 1975

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## I. The Sample

This survey was designed to test the awareness and the knowledge of Northwest Industries on the part of the nation's security analysts and portfolio managers. A second purpose was to obtain their opinions of Northwest Industries as an investment opportunity.

The sample was created from a Technimetrics list[1] dated September 15, 1975. This list of firms and analysts was arranged by area code sequence, type and size of institution represented by the managers and analysts.[2]

The sample of portfolio managers was stratified by area code, size and type of institution. Security analysts were chosen at random from the same Technimetrics list. Since one out of every two security analysts was chosen for the sample, stratification was not necessary for a valid representation.

### Stratified, Random Selection

Five per cent of the population of portfolio managers was determined as manageable, and when stratified, valid size for the sample of portfolio managers. A total of 81 cells was created for the stratification with nine types of institutions arranged in columns and nine sizes arranged in rows.[1] Representation for each cell was calculated for the population and that determined representation of the cell in the sample. For example, .5% to 1.4% equals one portfolio manager; 1.5% to 2.4% = 2; 2.5% to 3.4% = 3; etc. Portfolio managers were chosen by random selection from each of the 81 cells in the stratification.

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[1] Technimetrics is a highly regarded service corporation used by Northwest Industries to provide a data base for reaching portfolio managers and security analysts in the United States.

[2] See Appendix I.

The particular firms to be represented in the sample were chosen from every twentieth name on the Technimetrics list. The names of those individuals to be contacted by telephone were then taken from a second Technimetrics list of names of portfolio managers and security analysts with firm address and telephone number.

The total number in the population was 3,071 portfolio managers and about 200 security analysts identified as following conglomerates. Portfolio managers were identified only as generalists on the Technimetrics list.

The sample consisted of 150 portfolio managers and 103 security analysts. Of this number 97 portfolio managers and 100 security analysts were contacted, representing 64% of the portfolio managers and 94% of the security analysts.

The fact that a higher percentage of security analysts were contacted and interviewed was probably due to one or more of the following reasons:

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[1] See Appendix II.

1. They were generally more interested and far more knowledgeable, due in part to having been identified as specializing in conglomerates.
2. They are more often surveyed than are portfolio managers and appeared to be more willing to cooperate than were the portfolio managers.

Three attempts were made to reach respondents. Geographically, the survey included respondents from 30 area telephone codes.[1] A total of 51% were from the New York area.

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[1] See Appendix III for list of area telephone codes.

## II. The Questionnaire[1]

The questionnaire instrument was developed and pretested on a random selection of 18 portfolio managers and security analysts in the Chicago area.

The instrument contained questions regarding respondents' knowledge of Northwest Industries; style and quality of management; performance in earnings; return on stockholders' equity; and the degree of interest in Northwest Industries.

The instrument also requested opinions of the respondents regarding the usefulness of information from Northwest Industries; names of companies which have good communication programs; which aspects of these programs impress them most; and preferences regarding frequency and form of information.

Among the open-ended questions were those which asked for reasons for respondents' ratings of the depth and quality of Northwest Industries management, usefulness of information, and where Northwest Industries needs greatest improvement. In many cases, the answers to these open-ended questions were the more revealing part of the survey and representative answers are included in the appendix of this report.[2]

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[1] See Appendix IV for questionnaire.

[2] See Appendices V and VI for representative answers.

Replies to open-ended questions are weighted according to frequency of mention expressed in terms of percentages of those who responded.

## III. Replies and Analysis of Data

The data were keypunched and computerized. In addition to frequencies and percentages for the entire sample, breakdowns were obtained for portfolio managers and security analysts. The results are:

Table 1

How would you describe Northwest Industries?[1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| conglomerate/diversified industry | 84.8% | 91.6% | 88.2% |
| diversified, but generally identified with a major market area | 9.3% | 8.1% | 8.7% |
| primarily in a single market area | 5.2% | -- | 2.6% |
| don't know | 1.0% | -- | 0.5% |

Most of those who chose "generally identified with a major market area" stated in the next question that transportation was one of the product lines.

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[1] Choices provided.

Table 2

What would you say are Northwest Industries product lines?[1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| retailing | 7.2% | 5.1% | 6.1% |
| chemicals | 47.5% | 64.9% | 56.2% |
| insurance | 4.0% | 3.1% | 3.6% |
| steel | 37.4% | 59.8% | 48.7% |
| transportation | 36.4% | 9.3% | 23.0% |
| apparel | 54.5% | 70.1% | 62.2% |
| forest products | 4.1% | 3.1% | 3.6% |
| automotive products | 29.3% | 39.2% | 34.2% |
| alcoholic beverages | 53.5% | 72.2% | 62.8% |

Unlike the first question in the survey, this one is a more reliable index of the knowledge of Northwest Industries by respondents. Results generally indicate good knowledge of Northwest Industries' product lines except for the 36.4% of the portfolio managers who chose transportation. However, less than 10% of the security analysts, identified as following conglomerates, checked transportation.

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[1] Choices provided.

The majority of wrong answers were from portfolio managers who were not so identified by industry in the Technimetrics list. Throughout this survey, portfolio managers exhibited less knowledge of Northwest Industries than did security analysts.

Clarifying the previous question, the table below lists the top five out of the nine listed in the questionnaire. According to the findings, the best known product lines of Northwest Industries are:

Table 3

What would you say are Northwest Industries product lines?

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| alcoholic beverages | 53.5% | 72.2% | 62.8% |
| apparel | 54.5% | 70.1% | 62.2% |
| chemicals | 47.5% | 64.9% | 56.1% |
| steel | 37.4% | 59.8% | 48.5% |
| automotive products | 29.3% | 39.2% | 34.2% |

## Severest Test of knowledge

The next question gave respondents the severest test of their knowledge of Northwest Industries. It was an open-ended question which asked them to name, unaided, the brand names or companies associated with Northwest Industries. Such unaided recall should be an excellent indicator of knowledge. Results do not include a significant number of respondents who said that they could have picked the brand names and companies from a list. Wrong answers also were eliminated. Results by number of brands or companies mentioned are:

Table 4

Can you name any well-known brands or companies associated with Northwest Industries?[1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| eight | 1.0% | 2.0% | 1.5% |
| seven | -- | -- | none |
| six | 6.2% | 5.2% | 5.7% |
| five | 3.1% | 8.8% | 6.0% |
| four | 5.2% | 8.0% | 6.6% |
| three | 12.5% | 23.2% | 17.8% |
| two | 5.2% | 15.2% | 10.2% |
| one | 11.5% | 6.0% | 8.8% |
| none | 55.3% | 31.6% | 43.4% |

## Over Half Name Brands

Results of this question show that more than half (56.6%) can name one or more brands and/or companies associated with Northwest Industries by brand and company names in an unaided recall. A total of 68.4% of the security analysts can name one or more brands and/or companies compared with only 44.7% of the portfolio managers.

---

[1] Choices not provided.

To clarify the previous question, grouped data below give a better indication of the results:

Table 5

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| more than five | 10.3% | 16.0% | 13.2% |
| fewer than five | 34.4% | 52.4% | 43.4% |
| none | 55.3% | 31.6% | 43.4% |

Specific brand names and/or companies by respondents are:

Table 6

Can you name any well-known brands or companies associated with Northwest Industries?

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| Fruit of the Loom | 28.5% | 36.1% | 32.1% |
| Cutty Sark | 23.7% | 25.3% | 24.5% |
| Lone Star Steel | 18.2% | 23.7% | 20.9% |
| Buckingham | 18.3% | 21.6% | 15.8% |
| Velsicol | 11.3% | 12.1% | 11.7% |
| Acme Boot | 9.3% | 10.1% | 9.7% |
| Michigan Chemical | 5.2% | 11.1% | 8.2% |
| Chicago and Northwestern Railroad | 10.1% | 2.0% | 6.1% |

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| Union Underwear | 4.0% | 6.2% | 5.1% |
| General Battery | 4.0% | 6.2% | 4.0% |
| Philadelphia Reading | -- | 6.2% | 3.1% |
| BVD's | 4.6% | 0.4% | 2.5% |
| B.F. Goodrich | -- | 1.0% | 0.5% |

Note that Chicago and Northwestern Railroad was mentioned by name by approximately 10% of the portfolio managers and only 2% of the security analysts. This despite the fact that a much larger percentage (36.4% and 9.3% respectively) checked transportation as a product line. This could indicate that Northwest Industries' association with the railroad is more of an image rather than definite.

Table 7

How would you describe the depth of Northwest Industries' management?[1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| no depth | 26.3% | 27.8% | 27.0% |
| some depth | 4.0% | 14.4% | 9.2% |
| good depth | 8.1% | 15.5% | 11.7% |
| don't know | 61.6% | 42.3% | 52.0% |

---

[1] Choices provided.

## Reasons for Replies[1]

Reasons given for "no depth" replies were the prominance of the chief executive officer and/or lack of knowledge or visibility of other officers in the company. Those who chose "some" or "good" depth said they did so because of their knowledge of the company or their knowledge of the chief executive officer and his management style.

Of those who responded to this question, most chose "no depth" over "some" or "good" depth. However, when "some" and "good" are combined, the lead is reduced to six percentage points for all respondents. On the other hand, more security analysts picked "some" or "good" depth than "no depth."[2]

Again, portolio managers show greater ignorance of Northwest Industries than do security analysts with 61.6% of the portfolio managers saying they don't know the management compared with 42.3% of the security analysts who said they didn't know.

---

[1] Open-ended question.

[2] A correlation of this question to other close-ended questions is provided in Addendum I.

### Table 8

### How would you rate the quality of Northwest Industries' Management?[1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| excellent | 11.1% | 21.6% | 16.4% |
| good | 24.7% | 52.3% | 38.5% |
| average | 7.1% | 3.1% | 5.1% |
| not good | 1.0% | 2.1% | 1.5% |
| don't know | 56.0% | 20.9% | 38.5% |

It is obvious from the above that security analysts are far better informed and far more positive with regard to their opinions of Northwest Industries' management than are portfolio managers, who are less informed and more negative. Perhaps it is a causal relationship between lack of information and negative opinions, and information and positive opinions.

In only one respect, "Not Good", are the security analysts higher. This may be due to the fact that being better informed and following conglomerates, security analysts are also more critical.

## Northwest Industries Investment

The next two questions dealt with opinions of the respondents regarding Northwest Industries as an investment. The first was:

---

[1] Choices provided.

Table 9

How would you describe the company's performance in earnings?[1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| excellent, steady growth | 29.3% | 30.9% | 30.1% |
| average growth | 24.2% | 40.2% | 35.2% |
| flat, no growth | 1.0% | 1.0% | 0.5% |
| unpredictable | 10.1% | 9.3% | 9.7% |
| don't know or other | 33.3% | 18.6% | 25.5% |

Note that, except for security analysts, results show that less than 30% describe Northwest Industries' performance in earnings as "excellent, steady growth." However, when excellent and average are combined, the findings are an impressive 65.3% for all respondents and an even more impressive 71.1% for security analysts.[2]

Table 10

What is your opinion of the return on stockholders' equity in Northwest Industries?[1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| excellent | 6.1% | 34.4% | 20.3% |
| good | 21.2% | 45.4% | 33.2% |
| fair | 10.1% | 5.2% | 7.7% |

---

[1] Choices provided.

[2] Approximately one in three who chose the "average" category volunteered the opnion that the performance of Northwest Industries was between "excellent" and "average".

Table 10 (con't)

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| poor | 1.0% | 1.0% | 1.0% |
| unpredictable | 1.0% | 2.1% | 1.5% |
| don't know or other | 58.4% | 11.9% | 35.9% |

Although only one in five of all respondents chose "excellent" for return on stockholders' equity, more than one-third of all security analysts did. A majority of all respondents picked "excellent" or "good," but nearly 80% of the security analysts did. This is definitely a vote of confidence in Northwest Industries by all respondents in the survey as in the earnings question, but particularly by the generally better informed security analysts.

Table 11

How would you rate your degree of interest in Northwest Industries? [1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| high | 11.1% | 16.5% | 13.8% |
| average | 20.2% | 37.1% | 28.7% |
| low | 59.6% | 45.4% | 52.6% |
| none | 10.3% | 1.0% | 5.6% |

---

[1] Choices provided.

Security analysts express significantly greater interest in Northwest Industries than do portfolio managers. Part of this difference can be due to the fact that the security analysts in the survey were identified as following conglomerates while portfolio managers were not. However, portfolio managers appear to be lacking in information about Northwest Industries. They have a record of higher percentages of "don't knows" throughout the survey than do the security analysts.

Respondents were asked to give reasons for their low or no interest. The reasons were mostly non-committal ones such as "our clients are not interested" and "we don't handle that stock."[1,2]

## Usefulness of Information

The next series of questions dealt with the state and quality of communication. The first was:

Table 12

How would you rate the usefulness of the information that Northwest Industries communicates to its investment public?[3]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| gives more information than we need | 2.0% | 7.2% | 4.6% |
| gives all the information we need | 27.3% | 57.7% | 42.3% |

---

[1] A correlation of this question to all other close-ended questions is provided in Addendum II.

[2] See Appendix V.

[3] Choices provided.

Table 12 (con't)

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| does not give us enough information | 11.1% | 10.3% | 10.7% |
| information is unsuccessful/uninformative | 2.0% | -- | 1.0% |
| don't know | 55.6% | 24.7% | 40.3% |

Those who say that Northwest Industries gives them all the information they need nearly equal those respondents who say they don't know. However, less than 25% of the security analysts say they don't know compared with more than half (57.7%) who say that Northwest Industries provides them with all the information they need.

Nevertheless, respondents indicated in the open-ended questioning and in volunteering additional information that they would appreciated being kept informed of what they were careful to term "significant" information.

Table 13

Can you name some companies that you believe are conducting good communication programs with their investment public?[1],[2]

| | All Respondents |
|---|---|
| International Business Machines, Inc. | 22.3% |
| Exxon Corporation | 20.8% |

---

[1] Choices not provided.

[2] A break-out between portfolio managers and security analysts was not provided due to equal distribution of responses.

Table 13 (con't)

| | All Respondents |
|---|---|
| International Telephone and Telegraph Co. | 20.6% |
| Mobil and Kodak Companies | 9.5% each |
| Standard Oil Co. (Indiana) | 4.5% |
| Others | 12.8% |

Respondents generally were impressed with the communication programs of the major oil companies, three of whom are included in the top six most frequently cited corporations. Respondents praised the companies for steady flow of information, good breakdowns by products and divisions, and "avoiding surprises."

Table 14

Which aspects of these programs impress you most?[1,2,3]

| | All Respondents |
|---|---|
| steady flow of information | 56.4% |
| good breakdowns by products and divisions | 52.6% |
| host meetings in all parts of the country | 42.5% |
| executives are available for questions | 24.2% |
| avoid surprises | 9.2% |

---

[1] Choices not provided.

[2] A breakout between portfolio managers and security analysts was not provided due to equal distribution of responses.

[3] See Appendix VI.

## Frequency of Information

Respondents were asked how often they would prefer to hear from Northwest Industries. In those cases, when it became obvious that their interest in the company was low or lacking, the question was revised to add "or a company in which you are interested." This was done to maximize the information from the interview.

Table 15

How often would you prefer to hear from Northwest Industries (or a company in which you are interested)? [1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| quarterly | 56.6% | 59.8% | 58.2% |
| whenever they have something to communicate | 18.2% | 22.7% | 20.4% |
| every other month | 3.0% | 2.1% | 2.6% |
| annually | 6.1% | 1.0% | 3.6% |
| monthly | 12.1% | 14.4% | 13.3% |
| semi-annually | 1.0% | -- | 0.5% |

Respondents voted overwhelmingly for quarterly frequency. Most who chose "whenever they have something to communicate" qualified it with "significant to communicate."

---

[1] Choices provided.

## Form of Information

Respondents also were asked their preference regarding the form of communication.

Table 16

What form would you prefer that this communication take?[1]

| | Portfolio Managers | Security Analysts | All Respondents |
|---|---|---|---|
| pamphlets or printed material | 74.7% | 80.4% | 77.6% |
| selected news releases | 42.4% | 66.0% | 54.1% |
| meetings | 22.2% | 30.9% | 26.5% |
| personal contact | 18.2% | 15.5% | 16.8% |
| letters | 1.0% | -- | 0.5% |
| don't know | 5.1% | 3.1% | 4.1% |

Considering the above questions and responses as related, one would have to assume that respondents want to continue the traditional quarterly frequency for information and in pamphlet or printed form.

Note particularly, that more than half of all respondents and nearly two-thirds of the security analysts want selected news releases. Most qualified their requests with "releases of significant information" and "no trite managerial shifts." More than a quarter of the respondents asked for meetings with executives, operating and division heads.

---

[1] Choices provided.

Except for personal contact, security analysts want more communication in every category than do the portfolio managers, particularly selected news releases and meetings. Nearly one-third of the security analysts also want meetings.

### Where Northwest Industries Needs Improvement

An open-ended question asked respondents to suggest where Northwest Industries needed greatest improvement. A total of 42.5% responded; more than half were security analysts. Many replies were preceded by such comments as "conglomerates have a difficult time communicating" and "conglomerates are particularly inept at communicating."

Replies were grouped as follows:

Table 17

Can you suggest where Northwest Industries needs greatest improvement in its communication program with its investment public?[1,2,3]

| | All Respondents |
|---|---|
| break out figures by divisions and product lines | 24.5% |

---

[1] See Appendix VI

[2] Choices not provided.

[3] A breakout between portfolio managers and security analysts was not provided due to equal distribution of responses.

| Table 17 (con't) | All Respondents |
|---|---|
| name should identify more with products and divisions | 22.4% |
| show off your management personnel | 19.3% |
| have more meetings | 10.5% |
| you need a national image | 9.6% |
| scattered | 14.7% |

## IV. Summary and Conclusions

The following are summaries of the results of the survey:

1. The best known product lines are alcoholic beverages, Cutty Sark Scotch more than Buckingham wines; apparel, particularly Fruit of the Loom; and chemicals, specifically Velsicol. Other well-known product lines mentioned by a substantial percentage of respondents were steel, particularly Lone Star; and automotive products (General Battery).
2. Although 23% of all respondents checked "transportation" as one of Northwest Industries' product lines, less than 10% of the security analysts did. Also, only 10% of the portfolio managers and 2% of the security analysts actually named the railroad in question among the brand names or companies associated with Northwest Industries. Railroad may be more of an "image" than a lack of information.
3. More than half (52%) of the respondents can name one or more brand names and/or companies associated with Northwest Industries through unaided recall. This can be considered a good indication of knowledge by the investment community. The finding is even better for security analysts (68.4%).
4. A total of 27% believe that Northwest Industries' management has "no depth" as compared with 20.9% who believe there is "some" or "good" depth. Most (52%) say they don't know. A much smaller percentage (42.3%) of security analysts report they don't know, while nearly 30% chose "some" or "good" depth.

5. The finding for the opinions of portfolio managers and security analysts with regard to Northwest Industries' management is consistent with the other findings--portfolio managers are less informed and more negative and security analysts are better informed and more positive. The conclusion is, in the case of Northwest Industries, information results in more positive opinions.
6. Opinions of respondents regarding the company's performance in earnings are at a 28.1% level for excellence and 35.2% for average, for a total of 63.3% who chose "excellent" or "average". A total of 26% did not answer this question.
7. One in five respondents say the return on stockholders' equity is "excellent" and another one-third say it is "good." More than half the respondents chose "excellent" or "good". The record is much better for security analysts" 34.4% chose "excellent" and 45.5% chose "good" for a total of nearly 80% who chose "excellent" or "good."
8. Only 42.5% of all respondents, but more than half (53.6%) of the security analysts surveyed, say their interest in Northwest Industries is high or average.

## V. Recommendations

This survey revealed significant differences in almost all categories between portfolio managers who were identified merely as generalists and security analysts who were identified as following conglomerates. However, there are few significant differences in their communication preferences.

Security analysts were well-informed about Northwest Industries particularly when compared with the knowledge of portfolio managers. There were strong indications that portfolio managers were not receiving ample information about Northwest Industries. However, security analysts appeared to be on the receiving end of adequate information about Northwest Industries.

Suggested improvements in communication with the investment public, on the basis of the findings and indications of this survey, are to communicate quarterly by printed materials with portfolio managers as well as security analysts.

Respondents also want and should receive information in the interim between quarter when that information is significant and may affect the price of stock. This probably should be in the form of news releases, which were requested by both portfolio managers and security analysts.

Judging from what impresses them about other companies which they cited for their communication programs, Northwest Industries should hold more meetings in all parts of the country for portfolio managers and security analysts. These meetings should feature appearances by operating and division heads of Northwest Industries who can then be available for questions from portfolio managers and security analysts.

Portfolio managers need to know much more about Northwest Industries than they do. Although the knowledge of security analysts is good, their interest is not high enough and stands improvement.

## Appendix I

A national sample of portfolio managers was created by stratifying the population by size and type of institution represented as follows:

Size (assets managed)

1 = Above $5 Billion

2 = $2.5 Billion to $5 Billion

3 = $1 to $2.5 Billion

4 = $0.5 to $1 Billion

5 = $200 to 500 Million

6 = $50 to $200 Million

7 = Less than $50 Million

8 = Brokerage firms specializing in institutional trading with research department, no size given.

9 = Brokers specializing in institutional trading only, no size given.

Type

1 = Banks

2 = Insurance Companies

3 = Mutual Fund

4 = Investment Counseling Firms

5 = Self-management Pension Funds

6 = Savings Banks

7 = Endowment, Foundation or Family Trust

8 = Brokerage Firms

9 = Private Investment Partnerships

## Appendix II

Stratification of the population of the 3,071 portfolio managers was accomplished by dividing the population into 81 cells by type and size of institution and calculating five per cent for each cell as follows:

| *Size | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| *Type 1 | 1.4% | 1.4% | 3.6% | 4.6% | 8.2% | 7.3% | 0.6% | --- | --- |
| 2 | 0.7% | 0.9% | 2.2% | 3.1% | 4.7% | 4.5% | 0.9% | 0.5% | --- |
| 3 | --- | 0.7% | 1.7% | 1.1% | 1.8% | 2.4% | 1.3% | 0.6% | --- |
| 4 | --- | 0.7% | 0.7% | 1.3% | 3.0% | 7.0% | 6.2% | 4.7% | --- |
| 5 | --- | 1.3% | 0.5% | 0.7% | 0.8% | 0.9% | 1.6% | 0.5% | --- |
| 6 | --- | 2.2% | 0.5% | 0.7% | 0.5% | 0.7% | 1.7% | --- | --- |
| 7 | --- | 1.6% | 6.7% | 0.5% | 0.5% | 0.6% | 12.6% | --- | --- |
| 8 | --- | 3.4% | 0.6% | 1.6% | 4.7% | 1.0% | 0.6% | 13.6% | 0.6% |
| 9 | --- | --- | --- | --- | --- | --- | 5.6% | --- | --- |

*Type and size are 5% of total for each cell. Code is .5% to 1.4% = 1 portfolio manager; 1.5% to 2.4% = 2 portfolio mangers, etc.

## Appendix III

A national sample of portfolio managers was created by calculating the representation in the population by size and type of institution and taking five per cent of each cell.

A national sample of security analysts was created by taking 50% of the population by random selection. This was done by choosing every other name on the Technimetrics list beginning at random on the first page.

A total of 30 area codes are represented in the sample.

| No. in Sample | |
|---|---|
| 18 | 203: Hartford, Connecticut |
| 4 | 205: Birmingham, Alabama |
| 1 | 207: Portland, Maine |
| 119 | 212: New York, New York |
| 5 | 213: Los Angeles, California |
| 5 | 214: Dallas, Texas |
| 19 | 215: Philadelphia, Pennsylvania |
| 9 | 216: Cleveland, Ohio |
| 5 | 301: Baltimore, Maryland |
| 1 | 302: Wilmington, Delaware |
| 2 | 303: Denver, Colorado |
| 4 | 305: Miami, Florida |
| 4 | 313: Detroit, Michigan |
| 2 | 314: St. Louis, Missouri |
| 2 | 402: Omaha, Nebraska |
| 4 | 404: Atlanta, Georgia |

| No. in Sample | | |
|---|---|---|
| 2 | 405: | Oklahoma City, Oklahoma |
| 2 | 414: | Milwaukee, Wisconsin |
| 5 | 415: | San Francisco, California |
| 3 | 504: | New Orleans, Louisiana |
| 1 | 609: | Princeton, New Jersey |
| 4 | 612: | Minneapolis-St. Paul, Minnesota |
| 2 | 615: | Nashville, Tennessee |
| 19 | 617: | Boston, Massachesetts |
| 1 | 703: | Albuquerque, New Mexico |
| 6 | 713: | Houston, Texas |
| 2 | 714: | San Diego, California |
| 1 | 813: | St. Petersburg, Florida |
| 2 | 816: | Kansas City, Missouri |
| 2 | 904: | Jacksonville, Florida |

## Appendix IV

## Questions to be Asked of a Sampling of Security Analysts and Portfolio Managers Prepared for Northwest Industries, Inc.

By Albert Walker, Ph.D.

Hello, Mr. ________. I am Professor Albert Walker from Northern Illinois University. I have been commissioned by Northwest Industries, to conduct a telephone survey of a sampling of security analysts and portfolio managers to get opinions from the investment community.

I am not an employee of Northwest Industries, and I would appreciate some of your time for this information. Although I know who you are, you will not be identified with your answers. I would appreciate your complete frankness.

If this is as good a time as any, may I proceed with my questions? It will only take about 10 minutes.

I have prepared possible answers to most of the questions to save your time but not to limit you to those answers. You may say anything you wish. May I proceed?

1. How would you describe Northwest Industries?
    a. ____ a conglomerate/diversified industry
    b. ____ a diversified company generally identified with a major market area
    c. ____ primarily in a single market area

2. What would you say are Northwest Industries' product lines?
    a. ____ retailing
    b. ____ chemicals
    c. ____ insurance
    d. ____ steel
    e. ____ transportation
    f. ____ apparel
    g. ____ forest products
    h. ____ automotive products
    i. alcoholic beverages

3. Can you name any well-known brands or companies associated with Northwest Industries?

______________________________________________

______________________________________________

______________________________________________

4. How would you describe the depth of Northwest Industries' management?

a. ____ no depth

b. ____ some depth

c. ____ good depth

d. ____ don't know

5. Why do you say that? ______________________________

______________________________________________

______________________________________________

6. How would you rate the quality of Northwest Industries' management?

a. ____ excellent

b. ____ good

c. ____ average

d. ____ not good

e. ____ don't know

f. ____ other ____________

____________
please specify

7. Why do you say that? ______________________________

______________________________________________

______________________________________________

8. How would you describe the company's performance in earnings?

a. ____ excellent steady growth

b. ____ average growth

c. ____ flat/no growth

d. ____ unpredictable

e. ____ other ____________

____________

9. What is your opinion of the return on stockholders' equity in Northwest Industries?

a. ____ excellent
b. ____ good
c. ____ fair
d. ____ poor
e. ____ unpredictable
f. ____ other ____________
____________
please specify

10. How would you rate the usefulness of the information that Northwest Industries communicates to its investment public?

a. ____ gives us more information than we need
b. ____ gives us all the information we need
c. ____ does not give us enough information
d. ____ unsuccessful/uninformative
e. ____ don't know

11. Why do you say that? ________________________________________
________________________________________
________________________________________

12. Can you name some companies that you believe are conducting good communication programs with their investment public?

________________________________________
________________________________________
________________________________________
________________________________________

13. Which aspects of these programs impress you most?

________________________________________
________________________________________
________________________________________
________________________________________

14. Can you suggest where Northwest Industries needs greatest improvement in its communication programs to its investment public?

________________________________________

________________________________________

________________________________________

________________________________________

15. How often would you prefer to hear from Northwest Industries?

a. ____ monthly

b. ____ every other month

c. ____ quarterly

d. ____ semi-annually

e. ____ annually

f. ____ whenever they have something to communicate

g. ____ other ________________

________________
please specify

16. What form would you prefer this communication to take?

a. ____ letters

b. ____ pamphlets

c. ____ selected news releases

d. ____ meetings

e. ____ personal contact

f. ____ other ________________

________________
please specify

17. How would you rate your degree of interest in Northwest Industries?

a. ____ high

b. ____ average

c. ____ low

d. ____ no interest

Thank you for your time and patience.

## Appendix V

Can you suggest where Northwest Industries needs greatest improvement in its communication program to its investment public?

Representative answers among those most frequently given are:

"Send us breakdowns of figures for the different product lines and divisions--conglomerates are particularly inept at this."

-0-

"Show off your other management personnel. You need more meetings with analysts and your executives."

-0-

"Name does not identify with product or service. Definite weakness."

-0-

"Set up meetings in major metropolitan areas."

-0-

"We need to know more than just what the figures say. We could use bulletins citing trends or unique aspects of growth. Statistics can't tell the whole story. Tell us what is different."

-0-

"Get out and talk to analysts."

-0-

"Quarterly statements would be better if more detailed. Included in this report should be the corporation's view of the economy and trends in the industries where Northwest Industries is involved."

## Appendix VI

Which aspects impress you most of those companies which you believe are conducting good communication programs with their investment publics?

Representative replies from among the most frequent given are:

"They send out information on a regular basis, mostly monthly, and at other times when the occasion calls for it. Breakdowns are good and the information is detailed--not just summaries but detailed statistics."

-0-

"The public relations department is constantly sending us updated information--not just repetitive or promotional. We get everything and anything significant. We get information, at least once a week, usually news releases."

-0-

"They don't bother us with trite managerial changes, but we get all news of significance. They also hit the newspapers and we have few surprises."

-0-

"Their annuals and quarterlies are comprehensive and detailed; they host meetings in various parts of the country and their executives are available for questions."

-0-

## ADDENDUM I

A breakdown of selected, relevant data according to respondents' views of Northwest Industries' depth of management reveals significant differences of data and correlations.

Generally, we find that respondents who view management depth as "good" are more positive in their other views of Northwest Industries. They also tend to be wrong less often and right more often in a test of their knowledge. Consider, for example, respondents' knowledge of the product lines of Northwest Industries.

Respondents were given a list of nine product lines from which they were to choose Northwest Industries' product lines. Four of the choices listed were wrong and five were right. Below are the findings for the wrong product lines.

What would you say are Northwest Industries' product lines?

### TABLE I

| | Retail | Insurance | Transportation | Forest Products |
|---|---|---|---|---|
| no depth | 41.7% | 42.9% | 15.6% | 23.6% |
| some depth | 16.1% | 14.3% | 4.4% | 11.1% |
| good depth | 8.3% | ----- | 11.1% | 14.3% |
| don't know | 33.9% | 42.8% | 68.9% | 46.3% |

Of those who chose one of the "depth" categories, those who chose "no depth" were wrong most often in their choices of product lines. Fewer "good depth" respondents picked "retail" and none picked "insurance", while "no depth" respondents were highest in all categories of wrong product lines. Results were not that consistent between "some" and "good" depth respondents. More "good depth" respondents picked "transportation" and "forest products" than did "some depth" respondents.

The following table shows how respondents differ in picking the correct product lines.

What would you say are Northwest Industries' product lines?

TABLE II

| | Chemicals | Steel | Apparel | Automotive Prodcuts | Alcoholic Beverages |
|---|---|---|---|---|---|
| no depth | 10.9% | 18.9% | 16.4% | 20.9% | 15.4% |
| some depth | 19.1% | 10.5% | 9.8% | 10.4% | 8.9% |
| good depth | 26.4% | 31.6% | 36.1% | 31.3% | 37.4% |
| don't know | 43.6% | 39.0% | 37.7% | 37.4% | 38.3% |

Except for those respondents who "don't know," the majority of right answers are from those respondents who chose "good depth." The findings are not that consistent between "no" and "some" depth respondents, however.

Considering that the respondents who "don't know" had the most wrong products as well as the most right ones could indicate that these respondents were guessing the answers.

Respondents were asked their views of the quality of Northwest Industries' management.

How would you rate the quality of Northwest Industries' management?

TABLE III

| | Excellent | Good | Average | Not Good | Don't Know |
|---|---|---|---|---|---|
| no depth | 18.9% | 39.6% | 38.0% | 1.9% | 35.8% |
| some depth | 22.2% | 61.1% | 11.1% | ---- | 5.6% |
| good depth | 47.8% | 43.5% | 8.7% | ---- | ---- |
| don't know | 3.9% | 18.6% | 3.9% | 2.0% | 71.6% |

The findings for this question are conclusive. Those respondents who believe Northwest Industries' management has good depth are most likely to believe the quality of management is excellent, "some depth" respondents are less likely, while "no depth" respondents are least likely to believe the quality of management is excellent. This direction of findings is consistent in almost all categories.

The next question asked for respondents' views regarding the company performance in earnings.

How would you describe the company's performance in earnings?

TABLE IV

| | Excellent | Average | Flat/no Growth | Unpredictable | Don't Know |
|---|---|---|---|---|---|
| no depth | 22.6% | 50.9% | ---- | 3.8% | 22.7% |
| some depth | 44.4% | 38.9% | 5.6% | 5.6% | 5.5% |
| good depth | 65.2% | 19.5% | ---- | 15.3% | ----- |
| don't know | 23.5% | 20.6% | 1.0% | 11.8% | 43.1% |

The finding for this question is consistent with that for the previous question. It is also consistent with the views regarding the depth of management: those who believe Northwest Industries' management has good depth are most likely to rate the company's performance in earnings as excellent, while those who believe it lacks depth are least likely to rate the company's performance as excellent.

The next question asked for respondents' views regarding stockholders' return on equity.

What is your opinion of the return on stockholders' equity in Northwest Industries?

### TABLE V

| | Excellent | Good | Fair | Poor | Unpredictable | Don't Know |
|---|---|---|---|---|---|---|
| no depth | 7.5% | 41.5% | 13.2% | ---- | ---- | 37.8% |
| some depth | 11.1% | 55.6% | 5.6% | 11.1% | 5.6% | 11.0% |
| good depth | 21.7% | 47.8% | 4.3% | ---- | ---- | 26.2% |
| don't know | 8.8% | 21.6% | 5.9% | ---- | 2.0% | 61.7% |

The findings for this question is consistent with those of previous questions. There is a high positive correlation between views regarding the depth of management and positive views of the company.

## Information Preferences

The next series of questions dealt with opinions regarding the communication programs and information preferences of the respondents. The first question asked respondents for their views regarding the usefulness of the information from Northwest Industries.

How would you rate the usefulness of the information that Northwest Industries communicates to its investment public?

TABLE VI

| | More information than we need | All the information needed | Not Enough | Uninformative | Don't Know |
|---|---|---|---|---|---|
| no depth | ---- | 69.8% | 3.8% | ---- | 26.4% |
| some depth | 11.1% | 44.4% | 22.2% | ---- | 22.3% |
| good depth | 13.0% | 43.5% | 17.4% | ---- | 26.1% |
| don't know | 3.9% | 27.5% | 10.8% | 2.0% | 55.8% |

Information preferences of "some" and the "good" depth respondents are not significantly different. However, "no depth" respondents report they get all the information they need in greater numbers than repondents in the other classifications. Fewer say they do not get enough information.

Although a plurality of "some" and "good" depth respondents report they get all the information they need, a significant percentage also say they do not get enough.

The next question asked respondents for their preferences with regard to the frequency of information from Northwest Industries (or from a company in which they were interested).

How often would you prefer to hear from Northwest Industries (or from a company in which you are interested)?

## TABLE VII

| | Monthly | Bi-Monthly | Quarterly | Semi-Annually | Annually | Whenever there is something to communicate |
|---|---|---|---|---|---|---|
| no depth | 17.0% | 1.9% | 67.9% | 1.9% | ---- | 11.3% |
| some depth | 5.6% | ---- | 72.2% | ---- | ---- | 22.2% |
| good depth | 13.0% | 4.3% | 45.3% | ---- | 4.3% | 33.1% |
| don't know | 12.7% | 2.9% | 59.3% | ---- | 5.9% | 19.2% |

The finding for this question is that all respondents choose to get their information mostly on a quarterly basis. The second preference is for "whenever there is something to communicate." Except for "some depth" respondents, the third preference is for monthly frequency.

"Good depth" respondents indicate the least preference for quarterly frequency. In its place, they show the strongest preference for hearing from the company "whenever they have something to communicate." A significant number of respondents added "significant" in expressing their preference.

The next question dealt with preferences regarding the form that communication should take.

What form would you prefer this communication to take?

## TABLE VIII

| | Letters | Pamphlets | Releases | Meetings | Personal Contact | Don't Know |
|---|---|---|---|---|---|---|
| no depth | ---- | 32.9% | 31.1% | 9.6% | 12.1% | 14.3% |
| some depth | ---- | 8.6% | 9.4% | 15.4% | 6.1% | 2.5% |
| good depth | ---- | 11.8% | 15.1% | 17.3% | 21.2% | 12.5% |
| don't know | 100% | 46.7% | 44.4% | 75.7% | 60.6% | 48.2% |

Those respondents who believe that Northwest Industries has good depth of management are the same who have the greatest preference for meetings and personal contact. They also wish to rely less on printed literature and releases.

Those respondents who believe Northwest Industries lacks depth of management express the greatest preferences for pamphlets and releases, least for meetings and less for personal contact.

"Some depth" respondents express least preference for all forms of communication. This is difficult to explain as are the greater requests for all forms of communication from "don't know" respondents. Those who "don't know" may feel the greatest need of information from Northwest Industries.

The final question in the survey attempted to identify the degree of interest of the respondents in Northwest Industries.

How would you rate your degree of interest in Northwest Industries?

TABLE IX

| | High Interest | Average Interst | Low Interest | None |
|---|---|---|---|---|
| no depth | 7.5% | 35.8% | 56.7% | ----- |
| some depth | 11.1% | 44.4% | 38.9% | 5.6% |
| good depth | 39.1% | 17.4% | 39.1% | 4.4% |
| don't know | 2.9% | 11.8% | 24.5% | 60.8% |

The finding for this question is consistent with earlier findings. Those who believe that Northwest Industries' management has good depth also express a high degree of interest in Northwest Industries. Those who believe it lacks depth have low interest in company.

## ADDENDUM II

A breakdown of selected, relevant data by respondents' degree of interest in Northwest Industries discloses significant differences among the respondents.

Generally, those who have a high degree of interest in Northwest Industries are more positive while those with low interest are more negative. This is to be expected since interest usually follows positive views regarding other factors.

Among the first of a series of questions were those which tested respondents' knowledge of Northwest Industries' product lines. Repondents were given a choice of nine product lines from which they were to select Northwest Industries' product lines. Four were wrong and five were right. Below are the findings for the wrong product lines.

What would you say are Northwest Industries' product lines?

TABLE X

| | Retail | Insurance | Transportation | Forest Products |
|---|---|---|---|---|
| high interest | 8.3% | 14.3% | 8.9% | 14.3% |
| average interest | 41.7% | 28.6% | 17.8% | 42.8% |
| low/no interest | 50.0% | 57.1% | 73.3% | 42.9% |

Below are the results for the right product lines:

TABLE XI

| | Chemicals | Steel | Apparel | Automotive Products | Alcoholic Beverages |
|---|---|---|---|---|---|
| high interest | 48.1% | 43.2% | 52.5% | 52.3% | 52.9% |
| average interest | 35.5% | 40.0% | 33.6% | 32.8% | 32.5% |
| low/no interest | 16.4% | 16.8% | 13.9% | 14.9% | 14.6% |

In all cases above, knowledge shows a high positive correlation with degree of interst.

## Views of Management Quality

Respondents were asked for their views regarding the quality of Northwest Industries management.

How would you rate the quality of Northwest Industries' management?

TABLE XII

| | Excellent | Good | Average | Not Good | Don't know |
|---|---|---|---|---|---|
| high interest | 33.3% | 37.0% | --- | --- | 29.7% |
| average interest | 19.6% | 41.1% | 5.4% | 1.8% | 32.1% |
| low/no interest | 7.8% | 26.2% | 5.8% | 1.9% | 58.3% |

In general, positive views regarding the quality of Northwest Industries' management follow degree of interest. The only variances from this direction is between views of "high" and "average" interest classifications in rating Northwest Industries management as "good."

Differences between "average interest" and "low/no interest" respondents are significant and substantial for "excellent" and "good" ratings, and "don't know." They are insignificant for "average" and "not good" ratings.

Of those respondents who indicate their interest is high, more than 70% rate the quality of Northwest Industries' management as excellent or good; of those who say their interest is average, more than 60% rate the company's management as excellent or good.

## Views Regarding Company Performance

The next question concerned the respondents' veiws regarding the company's performance in earnings.

How would you describe the company's performance in earnings?

### TABLE XIII

| | Excellent | Average | Flat/No Growth | Unpredictable | Don't Know |
|---|---|---|---|---|---|
| high interest | 70.4% | 11.1% | ---- | ---- | 18.5% |
| average interest | 33.9% | 41.1% | 1.8% | 8.9% | 14.3% |
| low/no interest | 4.9% | 19.4% | 28.2% | 12.6% | 34.9% |

By far, the most positive views regarding the company's performance in earnings are held by those who also have a high degree of interest in the company.

## Views Regarding Return on Equity

The next question asked for respondents' veiws regarding return on stockholders' equity.

What is your opinion of the return on stockholders' equity in Northwest Industries?

### TABLE XIV

| | Excellent | Good | Fair | Poor | Unpredictable | Don't Know |
|---|---|---|---|---|---|---|
| high interest | 33.3% | 40.7% | 7.4% | ---- | 18.6% | ---- |
| average interest | 14.3% | 39.3% | 5.4% | 1.8% | 1.8% | 37.4% |
| low/no interest | 2.9% | 29.1% | 9.7% | 1.0% | 1.0% | 56.3% |

The finding for this question is consistent with previous findings with a high positive correlation between degree of interest of the respondents and the more positive views they have of Northwest Industries.

## Communication Preferences

The next series of questions asked respondents for their communication and information preferences. The first question asks for views of the respondents regarding the usefulness of information.

How would you rate the usefulness of the information that Northwest Industries communicates to its investment public?

TABLE XV

| | More information than we need | All the information needed | Not Enough | Uninformative | Don't Know |
|---|---|---|---|---|---|
| high interest | 18.5% | 47.0% | 25.9% | ---- | 8.6% |
| average interest | 3.6% | 60.7% | 12.5% | ---- | 23.2% |
| low/no interest | 1.9% | 36.9% | 6.8% | 1.0% | 53.4% |

The greatest satisfaction with the information they receive is expressed by those respondents with average interest in Northwest Industries.

Nearly 50% of the respondents with a high degree of interest in Northwest Industries express satisfaction with the information they receive. However, a substantial percentage believe they get more information than they need and more than 25% don't get enough.

The next question concerned preferences regarding frequency of information.

How often would you prefer to hear from Northwest Industries (or from a company in which you are interested)?

## TABLE XVI

| | Monthly | Bi-Monthly | Quarterly | Semi-Annually | Annually | Whenever there is something to communicate |
|---|---|---|---|---|---|---|
| high interest | 15.5% | 3.7% | 40.1% | ---- | 7.4% | 33.3% |
| average interest | 10.7% | 3.6% | 71.4% | ---- | ---- | 14.3% |
| low/no interest | 7.4% | 1.9% | 66.4% | 1.0% | 3.9% | 19.4% |

The majority in all classifications want quarterly frequency. "Whenever there is something (significant) to communicate" is in second place. Those respondents with high interest in the company express a stronger preference for monthly frequency than do respondents in the other classifications. They express less interest in quarterly frequency, but greater interest in hearing from the company "whenever there is something (significant) to communicate."

The next question concerned preferences of respondents regarding the form that the communication should take.

What form would you prefer this communication to take?

## TABLE XVII

| | Letters | Pamphlets and printed material | Releases | Meetings | Personal Contact | Don't Know |
|---|---|---|---|---|---|---|
| high interest | 7.4% | 30.2% | 23.7% | 14.2% | 7.4% | 17.1% |
| average interest | 10.7% | 33.6% | 41.4% | 1.0% | 3.9% | 14.3% |
| low/no interest | 15.5% | 58.3% | 1.9% | 1.0% | | 19.4% |

All respondents show a strong preference for pamphlets or printed literature. "High" and "average" interest respondents also show a strong preference for releases. "Low" and "no" interest respondents express the strongest preference for pamphlets over all other forms of communication.

"High interest" respondents also express stronger preferences for meetings and personal contact.

## Summary of Conclusions for Addenda I and II

1. Generally, those respondents who believe that Northwest Industries management is lacking in depth also have the least knowledge of the company's product lines. Those who believe the depth of management is good have the greatest knowledge of Northwest Industries product lines.
2. The above is also true of respondents classified by their degree of interest. This study revealed that the greater the interest in Northwest Industries, the greater the respondent's knowledge of the company's product lines.
3. The study also revealed a positive correlation between respondents' views regarding the company's quality of management, performance in earnings, return on stockholders' equity and other factors, and the respondent's degree of interest and views regarding depth of management.

   Generally, those who believed the company's management lacked depth also held less positive views about the company in other areas. Those respondents who believed the company's management had some depth held more positive views, while those who believed the company's management had good depth held the most positive views of the company.

4. It appears that those respondents who believe Northwest Industries has greatest depth are the same who want more personal contact and meetings, want to hear more frequently and "whenever there is something (significant) to communicate."
5. This study appears to show a causal relationship between views regarding depth of management and degree of interest in the company, and other findings of the study.

# REPORT ON SAN FRANCISCO, LOS ANGELES, BOSTON, AND CHICAGO SURVEYS

Corporate Relations
August 24, 1976

**Northwest Industries**

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Northwest Industries,
Inc.
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

CS205225

SAMPLE

Following the presentations in San Francisco, Los Angeles, Boston and Chicago, Corporate Relations surveyed those attending the luncheons. Of the 413 questionnaires mailed, 197, or 48 per cent, were returned:

| | All | San Francisco | Los Angeles | Boston | Chicago |
|---|---|---|---|---|---|
| Mailed | 413 | 95 | 104 | 94 | 120 |
| Returned | 197 | 39 | 50 | 44 | 64 |
| Response Rate | 48% | 41% | 48% | 46% | 53% |

The respondents represented:

| | All | San Francisco | Los Angeles | Boston | Chicago |
|---|---|---|---|---|---|
| Banks | 8% | 8% | 14% | 2% | 8% |
| Brokerages | 60% | 66% | 64% | 48% | 62% |
| Funds | 4% | - | - | 9% | 5% |
| Insurance companies | 4% | - | 4% | 5% | 6% |
| Investment counselors | 17% | 23% | 14% | 20% | 12% |
| Other/multiple response | 7% | 3% | 4% | 15% | 6% |

These and all other percentages are rounded, and, hence, may not total 100% in all cases.

# QUESTIONNAIRE

1. The materials which were distributed at the Northwest Industries meeting were: (check one)

   More than adequate__ Adequate__ Less than adequate__

   Incomplete__

2. What more could have been included in the materials, if anything?

   ____________________________________________

   ____________________________________________

   ____________________________________________

3. The slide presentation which began the meeting was: (check one)

   Very informative__ Informative__ Lacking information__

   A waste of time__

4. What additional information would you add to the slide presentation, if any?

   ____________________________________________

   ____________________________________________

   ____________________________________________

5. What information would you delete from the slide presentation, if any?

   ____________________________________________

   ____________________________________________

   ____________________________________________

6. Mr. Heineman's presentation was:

   Excellent__ Good__ Fair__ Poor__

   What would you add to, or delete from, his presentation, if anything?

   ____________________________________________

   ____________________________________________

(See Reverse Side)

7. How often would you like to see Northwest Industries make such a presentation in your community?

______________________________________________

______________________________________________

8. What is your opinion of Northwest Industries with regard to:

Its profitability and financial strength?

______________________________________________

Its management? ______________________________

______________________________________________

As an investment? _____________________________

______________________________________________

9. Other comments? _____________________________

______________________________________________

______________________________________________

10. Please check the type of company [illegible]ich you are employed:

Bank __
Brokerage __
Fund __
Insurance __
Investment Advisory __
Other (Please specify) ________________________

11. What is your job title?

______________________________________________

# RESULTS

1. The materials which were distributed at the Northwest Industries meeting were:

| | All | San Francisco | Los Angeles | Boston | Chicago |
|---|---|---|---|---|---|
| More than adequate | 52% | 33% | 62% | 57% | 53% |
| Adequate | 48% | 67% | 38% | 43% | 47% |
| Less than adequate | - | - | - | - | - |
| Incomplete | - | - | - | - | - |

|  | Bank | Brokerage | Fund | Insurance | Investment Counselor | Other |
|---|---|---|---|---|---|---|
| More than adequate | 56% | 52% | 29% | 62% | 48% | 64% |
| Adequate | 44% | 48% | 71% | 37% | 51% | 36% |
| Less than adequate | - | - | - | - | - | - |
| Incomplete | - | - | - | - | - | - |

2. What more could have been included in the materials, if anything?

Only 12% of the respondents made suggestions. Among those who did, one-third wanted copies of the slides (charts), and another third sought information on individual products and subsidiaries.

3. The slide presentation which began the meeting was:

| | All | San Francisco | Los Angeles | Boston | Chicago |
|---|---|---|---|---|---|
| Very informative | 66% | 74% | 68% | 57% | 66% |
| Informative | 34% | 26% | 32% | 43% | 34% |
| Lacking information | - | - | - | - | - |
| A waste of time | - | - | - | - | - |

| | Bank | Brokerage | Fund | Insurance | Investment Counselor | Other |
|---|---|---|---|---|---|---|
| Very informative | 62% | 75% | 71% | 50% | 42% | 57% |
| Informative | 37% | 25% | 29% | 50% | 58% | 43% |
| Lacking information | - | - | - | - | - | - |
| A waste of time | - | - | - | - | - | - |

4. What additional information would you add to the slide presentation, if any?

Only 7% responded to this question and one-half of them suggested adding data on products, market shares and similar information. There was a high correlation between the responses to question 4 and the responses to question 2.

5. What information would you delete from the slide presentation, if any?

A mere 2% of the respondents suggested information be deleted. Interestingly, one person suggested "details about the divisions of the company" be deleted.

6. Mr. Heineman's presentation was:

| | All | San Francisco | Los Angeles | Boston | Chicago |
|---|---|---|---|---|---|
| Excellent | 78% | 87% | 80% | 64% | 79% |
| Good | 20% | 13% | 18% | 32% | 19% |
| Fair | 2% | - | 2% | 4% | 2% |
| Poor | - | - | - | - | - |

| | Bank | Brokerage | Fund | Insurance | Investment Counselor | Other |
|---|---|---|---|---|---|---|
| Excellent | 69% | 85% | 71% | 87% | 55% | 79% |
| Good | 31% | 13% | 14% | 12% | 45% | 14% |
| Fair | - | 2% | 14% | - | - | 7% |
| Poor | - | - | - | - | - | - |

What would you add to, or delete from, his presentation, if anything?

Only 7% commented on Mr. Heineman's presentation. And once again, one-third wanted more information on the subsidiaries and their projected growth. Another third wanted to hear from corporate and subsidiary officers.

7. How often would you like to see Northwest Industries make such a presentation in your financial community?

| | All | San Francisco | Los Angeles | Boston | Chicago |
|---|---|---|---|---|---|
| 3 months | - | - | 2% | - | - |
| 6 months | 10% | 3% | 8% | 9% | 16% |
| 12 months | 58% | 54% | 46% | 62% | 67% |
| 18 months | 4% | 5% | 2% | 11% | - |
| 24 months | 16% | 25% | 30% | 12% | 3% |
| 36 months | 5% | 8% | 8% | 5% | - |
| other | - | - | 2% | - | - |
| no response | 6% | 5% | 2% | - | 14% |

|  | Bank | Brokerage | Fund | Insurance | Investment Counselor | Other |
|---|---|---|---|---|---|---|
| 3 months | - | 1% | - | - | - | - |
| 6 months | 6% | 11% | - | - | - | 29% |
| 12 months | 31% | 56% | 86% | 75% | 70% | 50% |
| 18 months | 6% | 2% | 14% | 12% | 9% | - |
| 24 months | 35% | 17% | - | - | 18% | 14% |
| 36 months | 9% | 4% | - | - | 3% | - |
| other | 6% | - | - | - | - | - |
| no response | 6% | 8% | - | 12% | - | 7% |

8. What is your opinion of Northwest Industries with regard to:

Its profitability and financial strength?

Eighty-seven per cent responded "good," "very good," "excellent," "superior," etc. Five per cent did not respond. Eight per cent made additional comments.

"Favorable trend in corporate financial ratios is impressive, but margins on sales by operating group show some volatility."

"Better than I expected and appears to be more persistent on lasting than anticipated."

"Good, financial strength - fair."

"Very impressive based on figures."

"Much improved."

"Good for the industries you are in."

"Ranks well by profitability and financial strength measures."

"Good and improving."

"ROE good and improving - ditto profit margin balance sheet measurable."

Its management?

"Thin in the home office."

"They are obviously doing the job."

"Believe it is basically a one-man operation."

"Scores high among the conglomerates."

"Good from what I've seen."

"Extremely capable chief executive; we worry about succession."

As an investment?

"The quality is improving with the elimination of leverage from conversion."

"Highly recommended for portfolios able to assume some risk."

"Should out perform market."

"Very much improved and getting better."

"Given the advance of nearly two-thirds since December '75, I am not certain that I'd be ready to initiate a new position today."

"Scores high among the conglomerates."

"Undervalued."

"Moderately attractive stock. Company still has basic industrial, cyclical characteristics."

"Good yield, low P/E - fine investment for patient investors."

"Only okay. Too many attractive alternatives."

"Somewhat understated but not significantly; should sell at slight discount to DJIA."

9. Other comments?

One-third of the respondents made further comments, including:

> "Good investment but hard to analyze because it is a conglomerate."
>
> "Chart showing _Fortune_ 500 ranking should be highlighted to all shareholder communications."
>
> "Please push for options qualifications."
>
> "Think NWT is an excellent company and is my largest position in my accounts."
>
> "Might be better to have two separate meetings: one for the analysts, another for other members of the financial community."
>
> "Stabilize your dividend payout at 35% to 45% of earnings."
>
> "Think you have been innovative and shown excellent judgement on major decisions."
>
> "Well structured presentation, it had punch. It was one of the best!"
>
> "Would suggest that other members of staff be more involved with presentation."
>
> "Problem of studying and understanding so many aspects of the business."
>
> "Appears to be a profitable, interesting conglomerate with good growth record."

"Don't have sufficient expertise in your industries to evaluate your investment merit."

"Excellent and we intend to take a closer look at the company soon. High steel pipe inventories at the customer level lead us to believe the stock will be a mediocre performer near term. But longer term, we like your story."

"I have never attended a finer event in the financial community. From start to finish, it was beautifully done."

"The main problem brought about by being diversified, aggressive and acquisition oriented is to forecast long-term trends. This causes heightened doubt in some money managers' minds."

"Overall presentation well-planned and executed."

"Very well-run company and do not hesitate to recommend."

"I was left a little fuzzy as to long-term corporate philosophy."

"I'm still having trouble with multi-industry security analysis."

ACCOMPANYING LETTERS

*Lehman Brothers*
*Incorporated*

*One Bush Street*
*San Francisco, California 94104*

June 22, 1976

Mr. Richard D. Kemplin,
Vice President, Corporate Relations
Northwest Industries, Inc.
6300 Sears Tower
Chicago, Illinois 60606

Dear Mr. Kemplin:

I am pleased to return the questionnaire accompanying your note of June 15, and you will note from my answers that they are all favorable. I should add, however, that such an opinion was to be expected. I have a great admiration for Mr. Heineman and what he has done with the "old Northwestern".

I hope I will be favored with an invitation next time you have a similar meeting in San Francisco.

Yours cordially,

WBlackie

Enclosure

*New York · Chicago · Dallas · Houston · Los Angeles · San Francisco · Washington*
*London · Paris*

Burton J. Vincent, Chesley & Co.

INVESTMENT BANKING MEMBER NEW YORK STOCK EXCHANGE 105 W. ADAMS CHICAGO, ILLINOIS 60603 (312) 372-6782

July 8, 1976

Mr. Richard D. Kemplin
Northwest Industries, Inc.
6300 Sears Tower
Chicago, IL 60606

Dear Richard,

Just a quick note to let you know that I think that the meeting was most informative and provided important background information.

While I don't want to be quoted, I have picked Northwest Industries as my number 1 stock for market appreciation for the next 12 months.

With kindest personal regards.

Sincerely,

Charles L. Straus
Vice President

cls/db

Members of the New York Stock Exchange, Inc.

8700 Sears Tower
Chicago, Illinois 60606 (312) 876-8700

**Salomon Brothers**

June 25, 1976

Mr. Richard D. Kemplin
Northwest Industries, Inc.
6300 Sears Tower
Chicago, Illinois 60606

Dear Dick:

I may be prejudiced but I thought that the meeting at the Mid-America Club was excellent.

Enclosed is the completed questionnaire you sent.

Best regards.

Yours very truly,

Jim

J. A. Crumley

JAC/l

encl.

New York/Atlanta/Boston/Cleveland/Dallas/Los Angeles/Philadelphia/San Francisco/London

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June 26, 1976

Mr. Richard D. Kemplin
Vice President - Corporate Relations
Northwest Industries, Inc.
6300 Sears Tower
Chicago, Illinois 60606

Dear Mr. Kemplin:

Thank you for the invitation to attend the luncheon presentation of Northwest Industries on June 9, 1976.

As always, the presentation was well-organized, informative and quite effective. One of the major reasons for its effectiveness is the forceful presentation by Mr. Heineman.

I have enclosed the questionnaire which you requested in your letter of June 23.

I very much enjoy and profit from these annual presentations. They supplement the material which you provide members of the financial community throughout the year. Despite the expense and consumption of valuable time, in my opinion, these meetings are very worthwhile for the financial community.

I look forward to next year's meeting.

With kindest personal regards, I am

Very truly yours,

WAYNE HUMMER & CO.

Philip M. Burno

Philip M. Burno
Partner

PMB:mlf

enc.

Richard D. Kemplin
Vice President · Corporate Relations

Northwest Industries, Inc.
6300 Sears Tower Chicago, Illinois 60606
312/876-7000

June 24, 1976

Dear ~~Mr. Moossa~~ Walter:

We would like to thank you for taking the time from your busy schedule to meet with us and hear the Northwest Industries story. We hope it was a beneficial meeting for you, and if we can ever be of help, please do not hesitate to contact us.

We strive to keep our financial relations programs relevant, and, in this regard, we would appreciate your assistance by completing the attached brief questionnaire. When completed, please mail it back to us in the enclosed return envelope. You need not identify yourself.

We look forward to meeting with you again in Boston. Thanks for your assistance.

Cordially,

Dick
Richard D. Kemplin

RDK/mw
Enclosure

Mr. Walter Moossa
AMERICAN MUTUAL INSURANCE COMPANY
Wakefield, Massachusetts 01880

Dick — very good to see you and Paul and Mr. Heineman again — and such a splendid turnout. You did an excellent job in preparing for the meeting, and I have since heard positive comments from several of those who were in attendance.
Keep up the good work —
Best regards, —
Walter

Midwest Edition

# Executive Profile

A Study of Subscribers to
The Wall Street Journal—
their influence on business
purchasing and decision-making.

"PERMISSION TO REPRODUCE THIS
MATERIAL HAS BEEN GRANTED BY
Dow Jones & Co.
TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)."

Conducted by Erdos & Morgan, Inc.
independent research specialists.

CS 205 225

This report shows the survey results pertaining to The Wall Street Journal subscribers' influence on business purchasing and decision-making, based on the Midwest Edition. Separate reports are available for the National, Eastern, Southwest and Pacific Coast Editions.

The projections in this report are made in terms of September 29, 1972 attained circulation—395,076—of the Midwest Edition of The Wall Street Journal as reported by the Audit Bureau of Circulations. Projections are rounded to the nearest 100 individuals.

A separate report titled "Executive Living", concentrates on the out-of-the-office lifestyles and purchasing patterns of The Journal's subscribers. It represents an in-depth look at their homes, possessions, vacation habits and the leisure time activities and interests that represent the rewards of their on-the-job success stories. This significant report about the personal characteristics of one of the country's most significant consumer audiences is available from your Wall Street Journal representative.

AN ERDOS AND MORGAN SURVEY

# FOREWORD

Before selecting a publication, advertisers want to know as much as possible about its audience. Specifically, they want to know its demographic characteristics and its purchasing power and habits.

To supply advertisers with concrete answers to these very questions, The Wall Street Journal surveys its subscribers approximately every two years.

Not surprisingly, the statistics presented in this latest "Executive Profile" of Journal subscribers point out what a truly superior audience they represent for advertisers. The Journal subscribers who spend $35 a year to receive it daily represent the core of The Journal's total readership. For this reason, their business activities reported here are of significant concern to advertisers.

The facts and figures are clearly documented on the following pages. But before you examine what makes The Journal such an effective advertising investment, take a minute to think about the individual behind the statistics.

His business or industry relies heavily on suppliers of goods and services. His title spells authority. His job functions usually entail not only the supervision of others but also decision-making for the purchase of essential products and services. His salary bracket announces that he's arrived at the corporate level worth penetrating.

He reads his Journal every business day and uses information gleaned from it to help him with his job and to further his career. In 1971 alone, The Journal published 2,760 articles on management matters, 1,386 on labor and 4,845 on Congressional legislation and federal agency rulings affecting business. No other publication can supply him with so much vital information. That's why he reads his Journal with such intensity.

The Wall Street Journal has a rapport with its readers unmatched by any other publication. A Louis Harris poll for Time Magazine found The Journal to be the most "trusted" newspaper in the country. That trust, coupled with statistical market information that follows, makes it one of the best advertising buys available to you today.

The Wall Street Journal

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*ERDOS and MORGAN, Inc.*

**RESEARCH SERVICE**

114 FIFTH AVENUE • NEW YORK, N.Y. 10011

January 11, 1973

To whom it may concern:

In June of 1972, Erdos and Morgan, Inc. was retained by The Wall Street Journal to determine the influence of its subscribers on business purchasing and decision making. This information included facts about their line of business, position and functions, their company, their activities in anti-pollution and conservation, their family income, net worth and other characteristics.

Following specifications set up by Erdos and Morgan, Inc., a systematic sample was drawn from the U. S. galleys of The Wall Street Journal subscribers.

Two versions of the questionnaire were constructed in order to obtain extensive information from subscribers. Some questions appeared on only one questionnaire, others were included in both. On August 25, 1972, one or the other of the two versions of the questionnaire, an explanatory letter and a stamped reply envelope, were mailed to each of the 18,000 subscribers selected.

Returns were received directly by Erdos and Morgan, Inc. After two mailings a total of 10,882 questionnaires, or 61% of the net mailout (18,000 less 88 returned by the post office as undeliverable) were received and tabulated. All completed questionnaires received by the closing date of October 24, 1972, and no others, were included in the results. Reports for individual area editions are based on the questionnaires of respondents receiving that particular edition of The Wall Street Journal.

Where questions were not asked in both versions of the questionnaire, tabulations are based on the appropriate portion of the 10,882 respondents The tabulations, percentages and projections published in this report were computed by Erdos and Morgan, Inc., employing established research practices.

ERDOS and MORGAN, Inc.

Paul L. Erdos

Dr. Paul L. Erdos,
President

PLE/GTdeM

212 691-3150

WHAT INTERESTS YOU MOST IN THE WALL STREET JOURNAL?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| DAILY BUSINESS NEWS REPORTS | 2559 | 69.0 | 272500 |
| EDITORIALS | 1055 | 28.4 | 112300 |
| THE 'WHAT'S NEWS' COLUMNS | 1859 | 50.1 | 197900 |
| DEPTH COVERAGE OF COMPANIES | 1303 | 35.1 | 138700 |
| DEPTH COVERAGE OF INDUSTRIES | 1030 | 27.8 | 109700 |
| STOCK QUOTATIONS | 2290 | 61.7 | 243800 |
| WHAT ELSE | | | |
| LEAD ARTICLES | 189 | 5.1 | 20100 |
| ABREAST OF THE MARKET, HEARD ON THE STREET | 111 | 3.0 | 11800 |
| OTHER FINANCIAL MARKETS AND REPORTS | 249 | 6.7 | 26500 |
| ADVERTISEMENTS, CLASSIFIED SECTION | 67 | 1.8 | 7100 |
| GENERAL NEWS | 51 | 1.4 | 5400 |
| MISCELLANEOUS OTHERS | 245 | 6.6 | 26100 |
| NOT STATED | 69 | 1.9 | 7300 |
| ALL RESPONDENTS* | 3711 | 100.0 | 395100 |

*THE ABOVE COLUMNS ADD TO MORE THAN THE BASE FIGURES BECAUSE SOME RESPONDENTS GAVE MULTIPLE ANSWERS.

DO YOU READ YOUR WALL STREET JOURNAL AT HOME, IN THE OFFICE, OR BOTH?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| IN THE OFFICE | 877 | 23.6 | 93400 |
| AT HOME | 1685 | 45.4 | 179400 |
| BOTH IN THE OFFICE AND AT HOME | 1116 | 30.1 | 118800 |
| NOT STATED | 33 | .9 | 3500 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

HOW MUCH TIME IN TOTAL, DO YOU USUALLY SPEND READING AN ISSUE?

| | | | |
|---|---|---|---|
| LESS THAN HALF AN HOUR | 1420 | 38.3 | 151200 |
| 30 TO 59 MINUTES | 1901 | 51.2 | 202400 |
| AN HOUR OR MORE | 344 | 9.3 | 36600 |
| NOT STATED | 46 | 1.2 | 4900 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

MEDIAN TIME SPENT READING 36.5 MINUTES

WHAT IS THE NATURE OF YOUR COMPANY'S BUSINESS?

| INDUSTRY AND COMMERCE | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| MANUFACTURING | 1027 | 27.7 | 109300 |
| MINING | 21 | .6 | 2200 |
| CONSTRUCTION | 114 | 3.1 | 12100 |
| PUBLIC UTILITIES | 32 | .9 | 3400 |
| TRANSPORTATION AND COMMUNICATION | 84 | 2.3 | 8900 |
| AGRICULTURE, FORESTRY AND FISHERIES | 100 | 2.7 | 10600 |
| WHOLESALERS | 238 | 6.4 | 25300 |
| RETAILERS | 246 | 6.6 | 26200 |
| SERVICE | 191 | 5.1 | 20300 |
| INSURANCE | 108 | 2.9 | 11500 |
| REAL ESTATE | 91 | 2.4 | 9700 |
| FINANCE | | | |
| BANKS AND SAVINGS BANKS | 119 | 3.2 | 12700 |
| INVESTMENT BANKERS AND DEALERS, STOCK AND COMMODITY BROKERS | 158 | 4.2 | 16800 |
| FINANCIAL, MISCELLANEOUS | 14 | .4 | 1500 |
| OTHER | | | |
| PROFESSIONAL | 445 | 12.0 | 47400 |
| GOVERNMENT | 66 | 1.8 | 7000 |
| EDUCATION | 125 | 3.4 | 13300 |
| ARMED FORCES | 19 | .5 | 2000 |
| ALL OTHERS | 31 | .8 | 3300 |
| TOTAL IN BUSINESS, GOVERNMENT OR PROFESSIONS | 3229 | 87.0 | 343800 |
| HOUSEWIVES | 67 | 1.8 | 7100 |
| LIVING FROM INVESTMENTS AND RETIRED | 353 | 9.5 | 37600 |
| STUDENTS | 11 | .3 | 1200 |
| NO BUSINESS GIVEN | 51 | 1.4 | 5400 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

WHAT IS YOUR TITLE OR POSITION?

|  | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| CHAIRMEN | 47 | 1.3 | 5000 |
| PRESIDENTS | 587 | 15.8 | 62500 |
| OWNERS | 234 | 6.3 | 24900 |
| PARTNERS | 123 | 3.3 | 13100 |
| DIRECTORS AND TRUSTEES | 84 | 2.3 | 8900 |
| VICE PRESIDENTS | 327 | 8.8 | 34800 |
| SECRETARIES AND SECRETARY TREASURERS | 40 | 1.1 | 4300 |
| TREASURERS | 22 | .6 | 2300 |
| COMPTROLLERS | 37 | 1.0 | 3900 |
| OFFICERS, OFFICIALS AND ASSISTANT OFFICERS | 102 | 2.7 | 10900 |
| GENERAL MANAGERS | 44 | 1.2 | 4700 |
| TOTAL TOP MANAGEMENT | 1647 | 44.4 | 175300 |
| DEPARTMENT MANAGERS AND ASSISTANTS | 493 | 13.3 | 52500 |
| SUPERINTENDENTS, SUPERVISORS, FOREMEN AND ASSISTANTS | 65 | 1.8 | 6900 |
| EDITORS | 5 | .1 | 500 |
| ENGINEERS | 127 | 3.4 | 13500 |
| CHEMISTS | 13 | .4 | 1400 |
| PURCHASING AGENTS AND BUYERS | 16 | .4 | 1700 |
| CASHIERS AND ASSISTANT CASHIERS | 4 | .1 | 400 |
| AGENTS, BROKERS, SALESMEN | 110 | 3.0 | 11700 |
| EMPLOYEES, MISCELLANEOUS | 154 | 4.1 | 16400 |
| PROFESSIONAL | 523 | 14.1 | 55700 |
| ARMED FORCES | 19 | .5 | 2000 |
| HOUSEWIVES | 67 | 1.8 | 7100 |
| LIVING FROM INVESTMENTS AND RETIRED | 353 | 9.5 | 37600 |
| STUDENTS | 11 | .3 | 1200 |
| NO POSITION GIVEN | 104 | 2.8 | 11100 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

## Company Size

ABOUT HOW MANY EMPLOYEES ARE THERE IN YOUR ENTIRE COMPANY OR FIRM-THAT IS, THE TOTAL NUMBER OF EMPLOYEES INCLUDING ALL PLANTS, DIVISIONS AND BRANCHES?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| LESS THAN 25 | 1008 | 27.2 | 107300 |
| 25 - 49 | 208 | 5.6 | 22100 |
| 50 - 99 | 180 | 4.9 | 19200 |
| 100 - 249 | 220 | 5.9 | 23400 |
| 250 - 499 | 154 | 4.1 | 16400 |
| 500 - 999 | 119 | 3.2 | 12700 |
| 1,000 - 4,999 | 276 | 7.4 | 29400 |
| 5,000 - 9,999 | 151 | 4.1 | 16100 |
| 10,000 OR MORE | 503 | 13.6 | 53600 |
| NOT STATED, NOT APPLICABLE | 892 | 24.0 | 95000 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

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PLEASE CHECK THE BRACKET THAT BEST REPRESENTS THE GROSS SALES FOR 1971 FOR YOUR COMPANY OR FIRM, INCLUDING ALL PLANTS, DIVISIONS AND BRANCHES.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| UNDER $ 1 MILLION | 412 | 22.8 | 90200 |
| $ 1 TO $ 9 MILLION | 288 | 16.0 | 63100 |
| $ 10 TO $ 24 MILLION | 73 | 4.0 | 16000 |
| $ 25 TO $ 49 MILLION | 54 | 3.0 | 11800 |
| $ 50 TO $ 99 MILLION | 46 | 2.6 | 10100 |
| $100 TO $249 MILLION | 70 | 3.9 | 15300 |
| $250 TO $499 MILLION | 61 | 3.4 | 13400 |
| $500 MILLION AND OVER | 213 | 11.8 | 46600 |
| NOT STATED, NOT APPLICABLE | 587 | 32.5 | 128600 |
| ALL RESPONDENTS (ASKED IN VERSION B) | 1804 | 100.0 | 395100 |

## Primary Job Functions

WHAT FUNCTIONS DO YOU DIRECT OR ENGAGE IN?

PRIMARY FUNCTION OF SUBSCRIBERS.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| ADMINISTRATION AND MANAGEMENT | 1347 | 36.3 | 143400 |
| OFFICE MANAGEMENT AND SUPERVISION | 87 | 2.3 | 9300 |
| LEGAL | 110 | 3.0 | 11700 |
| PURCHASING | 84 | 2.3 | 8900 |
| SALES | 410 | 11.0 | 43700 |
| ADVERTISING AND PUBLIC RELATIONS | 86 | 2.3 | 9200 |
| MERCHANDISING AND DISTRIBUTION | 14 | .4 | 1500 |
| MANUFACTURING AND PRODUCTION | 157 | 4.2 | 16700 |
| ENGINEERING | 83 | 2.2 | 8800 |
| RESEARCH | 70 | 1.9 | 7500 |
| FINANCE | 110 | 3.0 | 11700 |
| INVESTMENTS AND SECURITIES | 18 | .5 | 1900 |
| ACCOUNTING AND AUDITING | 93 | 2.5 | 9900 |
| PROFESSIONAL | 309 | 8.3 | 32900 |
| SERVICE | 91 | 2.5 | 9700 |
| GOVERNMENT | 9 | .2 | 1000 |
| LIVING FROM INVESTMENTS AND RETIRED | 353 | 9.5 | 37600 |
| STUDENTS | 11 | .3 | 1200 |
| ALL OTHERS | 181 | 4.9 | 19300 |
| NOT GIVEN | 88 | 2.4 | 9400 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

WHAT FUNCTIONS DO YOU DIRECT OR ENGAGE IN?

TOTAL FUNCTIONS OF SUBSCRIBERS.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| ADMINISTRATION AND MANAGEMENT | 1710 | 46.1 | 182100 |
| OFFICE MANAGEMENT AND SUPERVISION | 184 | 5.0 | 19600 |
| LEGAL | 112 | 3.0 | 11900 |
| PURCHASING | 250 | 6.7 | 26600 |
| SALES | 780 | 21.0 | 83000 |
| ADVERTISING AND PUBLIC RELATIONS | 295 | 7.9 | 31400 |
| MERCHANDISING AND DISTRIBUTION | 28 | .8 | 3000 |
| MANUFACTURING AND PRODUCTION | 319 | 8.6 | 34000 |
| ENGINEERING | 162 | 4.4 | 17200 |
| RESEARCH | 144 | 3.9 | 15300 |
| FINANCE | 190 | 5.1 | 20200 |
| INVESTMENTS AND SECURITIES | 32 | .9 | 3400 |
| ACCOUNTING AND AUDITING | 143 | 3.9 | 15200 |
| PROFESSIONAL | 351 | 9.5 | 37400 |
| SERVICE | 133 | 3.6 | 14200 |
| GOVERNMENT | 11 | .3 | 1200 |
| LIVING FROM INVESTMENTS AND RETIRED | 353 | 9.5 | 37600 |
| STUDENTS | 11 | .3 | 1200 |
| ALL OTHERS | 195 | 5.3 | 20800 |
| NOT GIVEN | 88 | 2.4 | 9400 |
| ALL RESPONDENTS* | 3711 | 100.0 | 395100 |

*THE ABOVE COLUMNS ADD TO MORE THAN THE BASE FIGURES BECAUSE SOME RESPONDENTS GAVE MULTIPLE ANSWERS.

## Company Responsibilities

PLEASE TELL US WHICH OF THE FOLLOWING DECISIONS OR OPERATIONS YOU ARE INVOLVED IN DURING THE COURSE OF YOUR WORK.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| POLICY MAKING | 1969 | 53.1 | 209600 |
| RESEARCH AND DEVELOPMENT | 877 | 23.6 | 93400 |
| PLANT OPERATIONS/MAINTENANCE | 828 | 22.3 | 88200 |
| SALES, MARKETING, DISTRIBUTION | 1535 | 41.4 | 163400 |
| FINANCE | 1531 | 41.3 | 163000 |
| OFFICE ADMINISTRATION | 1574 | 42.4 | 167600 |
| SHAREHOLDER RELATIONS | 367 | 9.9 | 39100 |
| RELATIONS WITH THE FINANCIAL COMMUNITY (ANALYSTS, INVESTMENT BANKERS, ETC.) | 678 | 18.3 | 72200 |
| INTERNATIONAL OPERATIONS | 301 | 8.1 | 32000 |
| NOT STATED, NOT APPLICABLE | 867 | 23.4 | 92300 |
| ALL RESPONDENTS* | 3711 | 100.0 | 395100 |

*THE ABOVE COLUMNS ADD TO MORE THAN THE BASE FIGURES BECAUSE SOME RESPONDENTS GAVE MULTIPLE ANSWERS.

DO YOU SERVE ON YOUR COMPANY'S BOARD OF DIRECTORS?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 543 | 30.1 | 118900 |
| NO | 691 | 38.3 | 151300 |
| NOT STATED, NOT APPLICABLE | 570 | 31.6 | 124800 |
| ALL RESPONDENTS (ASKED IN VERSION B) | 1804 | 100.0 | 395100 |

DO YOU SERVE ON ANY OUTSIDE BOARDS OF DIRECTORS?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 348 | 19.3 | 76200 |
| NO | 974 | 54.0 | 213300 |
| NOT STATED, NOT APPLICABLE | 482 | 26.7 | 105600 |
| ALL RESPONDENTS (ASKED IN VERSION B) | 1804 | 100.0 | 395100 |

IF 'YES,' ON HOW MANY SUCH OUTSIDE BOARDS DO YOU SERVE?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| 1 | 124 | 35.6 | 27200 |
| 2 | 107 | 30.7 | 23400 |
| 3 | 52 | 15.0 | 11400 |
| 4 OR 5 | 32 | 9.2 | 7000 |
| 6 TO 9 | 8 | 2.3 | 1800 |
| 10 OR MORE | 6 | 1.7 | 1300 |
| NOT STATED | 19 | 5.5 | 4200 |
| RESPONDENTS WHO SERVE ON OUTSIDE BOARDS OF DIRECTORS | 348 | 100.0 | 76200 |

SUMMARY
-------

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| SERVE ON OWN COMPANY'S BOARD ONLY | 317 | 17.6 | 69400 |
| SERVE ON OUTSIDE COMPANY'S BOARD ONLY | 122 | 6.8 | 26700 |
| SERVE ON BOTH (OWN AND OUTSIDE COMPANY) | 226 | 12.5 | 49500 |
| TOTAL WHO SERVE ON ANY BOARD | 665 | 36.9 | 145600 |
| AVERAGE NUMBER OF BOARDS SERVED ON (AMONG THOSE ON ANY BOARDS) | 2.0 | | |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

|  | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| **AIRCRAFT, INCLUDING HELICOPTERS (PURCHASE OR LEASE)** |  |  |  |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 43 | 1.2 | 4600 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 26 | .7 | 2800 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 61 | 1.6 | 6500 |
| INVOLVED IN THE PROCUREMENT | 98 | 2.6 | 10400 |
| **CONSTRUCTION EQUIPMENT** |  |  |  |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 132 | 3.6 | 14100 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 116 | 3.1 | 12400 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 171 | 4.6 | 18200 |
| INVOLVED IN THE PROCUREMENT | 245 | 6.6 | 26100 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

| PACKAGING AND CONTAINERS | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 159 | 4.3 | 16900 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 114 | 3.1 | 12100 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 225 | 6.1 | 24000 |
| INVOLVED IN THE PROCUREMENT | 337 | 9.1 | 35900 |
| **POWER EQUIPMENT (GENERATORS, TURBINES, ETC.** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 89 | 2.4 | 9500 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 78 | 2.1 | 8300 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 128 | 3.4 | 13600 |
| INVOLVED IN THE PROCUREMENT | 185 | 5.0 | 19700 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

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PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| **TRUCKS, TRAILERS-PURCHASE** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 165 | 4.4 | 17600 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 146 | 3.9 | 15500 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 323 | 8.7 | 34400 |
| INVOLVED IN THE PROCUREMENT | 420 | 11.3 | 44700 |
| **TRUCKS, TRAILERS-LEASE OR RENTAL** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 91 | 2.5 | 9700 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 80 | 2.2 | 8500 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 187 | 5.0 | 19900 |
| INVOLVED IN THE PROCUREMENT | 248 | 6.7 | 26400 |
| **TRUCKS, TRAILERS-PURCHASE OF SUPPLIES (TIRES, PARTS, ETC.)** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 121 | 3.3 | 12900 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 116 | 3.1 | 12400 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 259 | 7.0 | 27600 |
| INVOLVED IN THE PROCUREMENT | 331 | 8.9 | 35200 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

| CONSTRUCTION DESIGN AND ENGINEERING | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 157 | 8.2 | 32500 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 113 | 5.9 | 23400 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 163 | 8.5 | 33800 |
| INVOLVED IN THE PROCUREMENT | 250 | 13.1 | 51800 |
| EDP EQUIPMENT, SERVICES, SOFTWARE | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 138 | 7.2 | 28600 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 84 | 4.4 | 17400 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 148 | 7.8 | 30700 |
| INVOLVED IN THE PROCUREMENT | 242 | 12.7 | 50100 |
| MATERIALS HANDLING EQUIPMENT/SERVICES | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 142 | 7.4 | 29400 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 117 | 6.1 | 24200 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 205 | 10.7 | 42500 |
| INVOLVED IN THE PROCUREMENT | 281 | 14.7 | 58200 |
| ALL RESPONDENTS (ASKED IN VERSION A) | 1907 | 100.0 | 395100 |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| **INSURANCE-LIFE** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 142 | 7.4 | 29400 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 102 | 5.3 | 21100 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 201 | 10.5 | 41600 |
| INVOLVED IN THE PROCUREMENT | 286 | 15.0 | 59300 |
| **INSURANCE-BUSINESS (GROUP, KEY MAN, LIABILITY, ETC.)** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 172 | 9.0 | 35600 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 130 | 6.8 | 26900 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 228 | 12.0 | 47200 |
| INVOLVED IN THE PROCUREMENT | 333 | 17.5 | 69000 |
| **OFFICE MACHINES (EXCLUDING EDP)** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 191 | 10.0 | 39600 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 143 | 7.5 | 29600 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 300 | 15.7 | 62200 |
| INVOLVED IN THE PROCUREMENT | 410 | 21.5 | 84900 |
| ALL RESPONDENTS (ASKED IN VERSION A) | 1907 | 100.0 | 395100 |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| PLANT MACHINERY, MACHINE TOOLS | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 144 | 7.6 | 29800 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 108 | 5.7 | 22400 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 206 | 10.8 | 42700 |
| INVOLVED IN THE PROCUREMENT | 287 | 15.0 | 59500 |
| SALES INCENTIVES/PREMIUMS | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 153 | 8.0 | 31700 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 99 | 5.2 | 20500 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 203 | 10.6 | 42100 |
| INVOLVED IN THE PROCUREMENT | 290 | 15.2 | 60100 |
| SECURITY SYSTEMS (OFFICE/INDUSTRIAL) | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 81 | 4.2 | 16800 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 69 | 3.6 | 14300 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 128 | 6.7 | 26500 |
| INVOLVED IN THE PROCUREMENT | 180 | 9.4 | 37300 |
| ALL RESPONDENTS (ASKED IN VERSION A) | 1907 | 100.0 | 395100 |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

SELECTION OF SITES/ACCOMMODATIONS FOR CONVENTIONS AND SALES MEETINGS

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 92 | 4.8 | 19100 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 65 | 3.4 | 13500 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 151 | 7.9 | 31300 |
| INVOLVED IN THE PROCUREMENT | 197 | 10.3 | 40800 |

TRAVEL ARRANGEMENTS/ACCOMMODATIONS FOR TRAVELING EXECUTIVES, SALESMEN, EMPLOYEES

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 116 | 6.1 | 24000 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 73 | 3.8 | 15100 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 218 | 11.4 | 45200 |
| INVOLVED IN THE PROCUREMENT | 274 | 14.4 | 56800 |
| ALL RESPONDENTS (ASKED IN VERSION A) | 1907 | 100.0 | 395100 |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| **ADVERTISING MEDIA** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 214 | 11.9 | 46900 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 128 | 7.1 | 28000 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 351 | 19.5 | 76900 |
| INVOLVED IN THE PROCUREMENT | 486 | 26.9 | 106400 |
| **AIR CONDITIONING (OFFICE OR INDUSTRIAL)** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 97 | 5.4 | 21200 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 83 | 4.6 | 18200 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 203 | 11.3 | 44500 |
| INVOLVED IN THE PROCUREMENT | 270 | 15.0 | 59100 |
| **BANK SERVICES** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 242 | 13.4 | 53000 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 136 | 7.5 | 29800 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 319 | 17.7 | 69900 |
| INVOLVED IN THE PROCUREMENT | 499 | 27.7 | 109300 |
| ALL RESPONDENTS (ASKED IN VERSION B) | 1804 | 100.0 | 395100 |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| **BUILDING AND PLANT MAINTENANCE** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 151 | 8.4 | 33100 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 122 | 6.8 | 26700 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 281 | 15.6 | 61500 |
| INVOLVED IN THE PROCUREMENT | 378 | 21.0 | 82800 |
| **BUILDING MATERIALS AND EQUIPMENT** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 129 | 7.2 | 28300 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 111 | 6.2 | 24300 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 213 | 11.8 | 46600 |
| INVOLVED IN THE PROCUREMENT | 290 | 16.1 | 63500 |
| **CHEMICALS, INDUSTRIAL LUBRICANTS, PETROLEUM PRODUCTS** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 72 | 4.0 | 15800 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 73 | 4.0 | 16000 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 134 | 7.4 | 29300 |
| INVOLVED IN THE PROCUREMENT | 183 | 10.1 | 40100 |
| ALL RESPONDENTS (ASKED IN VERSION B) | 1804 | 100.0 | 395100 |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| FREIGHT OR TRANSPORTATION SERVICES | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 113 | 6.3 | 24700 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 71 | 3.9 | 15500 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 164 | 9.1 | 35900 |
| INVOLVED IN THE PROCUREMENT | 257 | 14.2 | 56300 |
| INSTRUMENTS AND CONTROLS | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 98 | 5.4 | 21500 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 81 | 4.5 | 17700 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 130 | 7.2 | 28500 |
| INVOLVED IN THE PROCUREMENT | 202 | 11.2 | 44200 |
| OFFICE FURNITURE | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 200 | 11.1 | 43800 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 131 | 7.3 | 28700 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 313 | 17.4 | 68600 |
| INVOLVED IN THE PROCUREMENT | 447 | 24.8 | 97900 |
| ALL RESPONDENTS (ASKED IN VERSION B) | 1804 | 100.0 | 395100 |

PLEASE INDICATE IN WHAT WAYS, IF ANY, YOU ARE INVOLVED IN THE PROCUREMENT OF EACH OF THE FOLLOWING PRODUCTS OR SERVICES IN THE COURSE OF YOUR WORK.

| PRIMARY METALS (STEEL, COPPER, ETC.) | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 51 | 2.8 | 11200 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 51 | 2.8 | 11200 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 81 | 4.5 | 17700 |
| INVOLVED IN THE PROCUREMENT | 112 | 6.2 | 24500 |
| **REAL ESTATE OR NEW PLANT SITE** | | | |
| SUGGEST OR RECOMMEND THE PRODUCT OR SERVICE | 166 | 9.2 | 36400 |
| EVALUATE SUPPLIERS, SELECT MAKES, OR WRITE SPECIFICATIONS | 117 | 6.5 | 25600 |
| APPROVE, AUTHORIZE OR PLAN ORDER | 216 | 12.0 | 47300 |
| INVOLVED IN THE PROCUREMENT | 330 | 18.3 | 72300 |
| ALL RESPONDENTS (ASKED IN VERSION B) | 1804 | 100.0 | 395100 |

214

DOES YOUR COMPANY HAVE ANY SUBSIDIARIES, AFFILIATES, OR OTHER PLANTS, BRANCHES, OFFICES:

| IN THE U.S. | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 1446 | 39.0 | 154000 |
| NO | 1247 | 33.6 | 132800 |
| NOT STATED, NOT APPLICABLE | 1018 | 27.4 | 108400 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

| OUTSIDE THE U.S. | | | |
|---|---|---|---|
| YES | 828 | 22.3 | 88200 |
| NO | 1368 | 36.9 | 145700 |
| NOT STATED, NOT APPLICABLE | 1515 | 40.8 | 161300 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

## Company Investments

DOES YOUR COMPANY OR FIRM MAKE INVESTMENTS ON BEHALF OF RETIREMENT OR PENSION PLANS, TRUSTS, OR CREDIT UNIONS?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 819 | 43.0 | 169700 |
| NO | 605 | 31.7 | 125300 |
| NOT STATED, NOT APPLICABLE | 483 | 25.3 | 100100 |
| ALL RESPONDENTS (ASKED IN VERSION A) | 1907 | 100.0 | 395100 |

IF 'YES,' ARE YOU INVOLVED IN THESE INVESTMENTS TO THE EXTENT OF SELECTING, EVALUATING OR AUTHORIZING THE BANKS OR SECURITIES FIRMS TO BE USED?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 254 | 31.0 | 52600 |
| NO | 535 | 65.3 | 110800 |
| NOT STATED | 30 | 3.7 | 6200 |
| RESPONDENTS WHOSE COMPANIES MAKE SUCH INVESTMENTS | 819 | 100.0 | 169700 |

DURING THE PAST 5 YEARS WAS YOUR COMPANY INVOLVED IN A MERGER WITH OR IN AN ACQUISITION OF ANOTHER FIRM?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 505 | 26.5 | 104600 |
| NO | 906 | 47.5 | 187700 |
| NOT STATED, NOT APPLICABLE | 496 | 26.0 | 102800 |
| ALL RESPONDENTS (ASKED IN VERSION A) | 1907 | 100.0 | 395100 |

IF 'YES,' WERE YOU PERSONALLY INVOLVED IN ANY SUCH TRANSACTION?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 149 | 29.5 | 30900 |
| NO | 345 | 68.3 | 71500 |
| NOT STATED | 11 | 2.2 | 2300 |
| RESPONDENTS WHOSE COMPANIES WERE INVOLVED IN A MERGER | 505 | 100.0 | 104600 |

217

IS YOUR COMPANY OR FIRM ACTIVELY INVOLVED IN ANY INTERNAL. INDUSTRY-WIDE OR COMMUNITY ANTI-POLLUTION PROGRAMS?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 665 | 34.9 | 137800 |
| NO | 881 | 46.2 | 182500 |
| NOT STATED. NOT APPLICABLE | 361 | 18.9 | 74800 |
| ALL RESPONDENTS (ASKED IN VERSION A) | 1907 | 100.0 | 395100 |

IF 'YES.' HOW IS YOUR COMPANY INVOLVED?

| | | | |
|---|---|---|---|
| PARTICIPATES IN INDUSTRY PROGRAMS | 337 | 50.7 | 69800 |
| PARTICIPATES IN COMMUNITY PROGRAMS | 277 | 41.7 | 57400 |
| MAINTAINS INTERNAL ANTI-POLLUTION PROGRAMS | 383 | 57.6 | 79300 |
| MANUFACTURES POLLUTION CONTROL EQUIPMENT | 74 | 11.1 | 15300 |
| NOT STATED | 21 | 3.2 | 4400 |
| RESPONDENTS OF COMPANIES INVOLVED IN ANTI-POLLUTION PROGRAMS* | 665 | 100.0 | 137800 |

*THE ABOVE COLUMNS ADD TO MORE THAN THE BASE FIGURES BECAUSE SOME RESPONDENTS GAVE MULTIPLE ANSWERS.

ARE YOU PERSONALLY INVOLVED IN ANY ANTI-POLLUTION PROGRAMS IN WHICH YOUR COMPANY PARTICIPATES?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 250 | 37.6 | 51800 |
| NO | 391 | 58.8 | 81000 |
| NOT STATED | 24 | 3.6 | 5000 |
| RESPONDENTS OF COMPANIES INVOLVED IN ANTI-POLLUTION PROGRAMS | 665 | 100.0 | 137800 |

ARE YOU PERSONALLY ACTIVE IN ANY COMMUNITY PROGRAMS TO COMBAT POLLUTION, APART FROM YOUR COMPANY?

| | | | |
|---|---|---|---|
| YES | 220 | 11.5 | 45600 |
| NO | 1417 | 74.3 | 293600 |
| NOT STATED | 270 | 14.2 | 55900 |
| ALL RESPONDENTS (ASKED IN VERSION A) | 1907 | 100.0 | 395100 |

ARE YOU ACTIVELY INVOLVED IN ANY CONSERVATION PROJECT, OTHER THAN ANTI-POLLUTION, EITHER ON BEHALF OF YOUR COMPANY OR AS A PRIVATE CITIZEN?

| | | | |
|---|---|---|---|
| YES | 390 | 20.4 | 80800 |
| NO | 1249 | 65.5 | 258800 |
| NOT STATED | 268 | 14.1 | 55500 |
| ALL RESPONDENTS | 1907 | 100.0 | 395100 |

SUMMARY

| | | | |
|---|---|---|---|
| RESPONDENT INVOLVED IN ANY ANTI-POLLUTION PROGRAM | 407 | 21.3 | 84300 |
| RESPONDENT INVOLVED IN ANY ANTI-POLLUTION OR CONSERVATION PROGRAM | 606 | 31.8 | 125600 |
| ALL RESPONDENTS (ASKED IN VERSION A) | 1907 | 100.0 | 395100 |

## Sex and Age

ARE YOU A MAN OR A WOMAN?

|  | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| MAN | 3528 | 95.1 | 376900 |
| WOMAN | 183 | 4.9 | 18200 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

WHAT IS YOUR AGE?

|  |  |  |  |
|---|---|---|---|
| UNDER 25 | 50 | 1.4 | 5300 |
| 25 TO 34 | 485 | 13.1 | 51600 |
| 35 TO 44 | 717 | 19.3 | 76300 |
| 45 TO 54 | 1010 | 27.2 | 107500 |
| 55 TO 64 | 803 | 21.6 | 85500 |
| 65 AND OVER | 632 | 17.0 | 67300 |
| NOT STATED | 14 | .4 | 1500 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

WHAT WAS THE HIGHEST LEVEL OF SCHOOL YOU ATTENDED OR COMPLETED ?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| GRADE SCHOOL | 84 | 2.3 | 8900 |
| ATTENDED HIGH SCHOOL | 147 | 4.0 | 15700 |
| GRADUATED FROM HIGH SCHOOL | 434 | 11.7 | 46200 |
| ATTENDED COLLEGE | 744 | 20.0 | 79200 |
| GRADUATED FROM COLLEGE | 1075 | 29.0 | 114500 |
| POSTGRADUATE STUDIES | 1204 | 32.4 | 128200 |
| NOT STATED | 23 | .6 | 2400 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

## Family Income

PLEASE CHECK YOUR ESTIMATED TOTAL HOUSEHOLD INCOME BEFORE TAXES FOR 1972. (PLEASE INCLUDE INCOME FROM ALL HOUSEHOLD MEMBERS AND FROM ALL SOURCES, SUCH AS WAGES, PROFITS, DIVIDENDS, RENTALS, ETC.)

|  | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| LESS THAN $5,000 | 46 | 1.2 | 4900 |
| $ 5,000 TO $ 9,999 | 144 | 3.9 | 15300 |
| $ 10,000 TO $14,999 | 371 | 10.0 | 39500 |
| $ 15,000 TO $24,999 | 1042 | 28.1 | 110900 |
| $ 25,000 TO $49,999 | 1334 | 35.9 | 142000 |
| $ 50,000 TO $74,999 | 415 | 11.2 | 44200 |
| $ 75,000 TO $99,999 | 133 | 3.6 | 14200 |
| $100,000 AND OVER | 115 | 3.1 | 12200 |
| NOT STATED | 111 | 3.0 | 11800 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

|  |  |
|---|---|
| AVERAGE HOUSEHOLD INCOME | $35,643 |
| MEDIAN HOUSEHOLD INCOME | $28,692 |

WOULD YOU PLEASE INDICATE YOUR TOTAL HOUSEHOLD NET WORTH. (PLEASE INCLUDE PERSONAL AND HOUSEHOLD POSSESSIONS, ALL REAL ESTATE, BANK ACCOUNTS, SECURITIES, CASH VALUE OF INSURANCE, JEWELRY, AUTOMOBILES AND ALL OTHER VALUABLES OWNED BY ALL HOUSEHOLD MEMBERS.)

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| LESS THAN $50,000 | 547 | 14.7 | 58200 |
| $ 50,000 TO $ 74,999 | 531 | 14.3 | 56500 |
| $ 75,000 TO $ 99,999 | 363 | 9.8 | 38600 |
| $ 100,000 TO $149,999 | 525 | 14.1 | 55900 |
| $ 150,000 TO $199,999 | 347 | 9.4 | 36900 |
| $ 200,000 TO $299,999 | 408 | 11.0 | 43400 |
| $ 300,000 TO $499,999 | 367 | 9.9 | 39100 |
| $ 500,000 TO $749,999 | 198 | 5.3 | 21100 |
| $ 750,000 TO $999,999 | 98 | 2.7 | 10400 |
| $1,000,000 AND OVER | 160 | 4.3 | 17000 |
| NOT STATED | 167 | 4.5 | 17800 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

MEDIAN NET WORTH $131,524

DO YOU OR ANY MEMBERS OF YOUR HOUSEHOLD PRESENTLY CARRY ANY TYPE OF LIFE INSURANCE?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 1716 | 95.1 | 375800 |
| NO | 67 | 3.7 | 14700 |
| NOT STATED | 21 | 1.2 | 4600 |
| ALL RESPONDENTS (ASKED IN VERSION B) | 1804 | 100.0 | 395100 |

IF 'YES,' WHAT IS THE TOTAL POLICY VALUE OF ALL TYPES OF LIFE INSURANCE NOW CARRIED BY YOU AND ALL MEMBERS OF YOUR HOUSEHOLD?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| UNDER $10,000 | 95 | 5.5 | 20800 |
| $ 10,000 TO $ 19,999 | 128 | 7.4 | 28000 |
| $ 20,000 TO $ 29,999 | 122 | 7.1 | 26700 |
| $ 30,000 TO $ 39,999 | 88 | 5.1 | 19300 |
| $ 40,000 TO $ 49,999 | 87 | 5.1 | 19100 |
| $ 50,000 TO $ 59,999 | 128 | 7.5 | 28000 |
| $ 60,000 TO $ 69,999 | 88 | 5.1 | 19300 |
| $ 70,000 TO $ 99,999 | 205 | 11.9 | 44900 |
| $100,000 TO $149,999 | 266 | 15.5 | 58300 |
| $150,000 TO $199,999 | 151 | 8.8 | 33100 |
| $200,000 TO $299,999 | 152 | 8.9 | 33300 |
| $300,000 AND OVER | 97 | 5.7 | 21200 |
| NOT STATED | 109 | 6.4 | 23900 |
| RESPONDENTS WHO HAVE ONE OR MORE HOUSEHOLD MEMBERS CARRYING LIFE INSURANCE | 1716 | 100.0 | 375800 |
| MEDIAN | $ 79,878 | | |
| AVERAGE | $100,993 | | |

DURING THE NEXT TWO YEARS DO YOU OR MEMBERS OF YOUR HOUSEHOLD PLAN TO BUY ANY TYPE OF INSURANCE OR INCREASE THE VALUE OF ANY POLICIES YOU NOW OWN (LIFE. HOME. LIABILITY. ACCIDENT. AUTO. ETC.)?

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| YES | 639 | 35.4 | 139900 |
| NO | 1103 | 61.2 | 241600 |
| NOT STATED | 62 | 3.4 | 13600 |
| ALL RESPONDENTS (ASKED IN VERSION B) | 1804 | 100.0 | 395100 |

IF 'YES.' WHAT TYPE(S) OF POLICIES DO YOU PLAN TO BUY OR INCREASE?

| | | | |
|---|---|---|---|
| ACCIDENT. | 118 | 18.5 | 25800 |
| AUTOMOBILE (OF ANY KIND) | 253 | 39.6 | 55400 |
| HOME OWNERS POLICY | 397 | 62.1 | 86900 |
| MAJOR MEDICAL | 153 | 23.9 | 33500 |
| LIFE INSURANCE | 251 | 39.3 | 55000 |
| OTHER INSURANCE INCLUDED IN ESTATE PLANNING | 93 | 14.6 | 20400 |
| OTHER | 46 | 7.2 | 10100 |
| NOT STATED | 4 | .6 | 900 |
| RESPONDENTS WITH ONE OR MORE HOUSEHOLD MEMBERS WHO PLAN TO BUY OR INCREASE THE VALUE OF ANY INSURANCE POLICIES DURING THE NEXT TWO YEARS* | 639 | 100.0 | 139900 |

*THE ABOVE COLUMNS ADD TO MORE THAN THE BASE FIGURES BECAUSE SOME RESPONDENTS GAVE MULTIPLE ANSWERS.

## Securities and Investments

PLEASE CHECK WHICH OF THE FOLLOWING TYPES OF SECURITIES YOU OR MEMBERS OF YOUR HOUSEHOLD NOW HAVE.

| | # | % | In terms of ABC circulation 9/29/72 395,076 |
|---|---|---|---|
| CORPORATE STOCKS | 3296 | 88.8 | 350900 |
| CORPORATE BONDS | 958 | 25.8 | 102000 |
| MUTUAL FUNDS | 1325 | 35.7 | 141100 |
| GOVERNMENT OR MUNICIPAL BONDS | 1226 | 33.0 | 130500 |
| NOT STATED | 219 | 5.9 | 23300 |
| ALL RESPONDENTS* | 3711 | 100.0 | 395100 |

WHAT IS THE APPROXIMATE TOTAL VALUE OF ALL SECURITIES HELD BY YOU OR OTHER HOUSEHOLD MEMBERS? ---

| | | | |
|---|---|---|---|
| LESS THAN $10,000 | 844 | 22.7 | 89900 |
| $ 10,000 TO $24,999 | 566 | 15.3 | 60300 |
| $ 25,000 TO $49,999 | 484 | 13.0 | 51500 |
| $ 50,000 TO $99,999 | 490 | 13.2 | 52200 |
| $100,000 OR MORE | 1083 | 29.2 | 115300 |
| NOT STATED | 244 | 6.6 | 26000 |
| ALL RESPONDENTS | 3711 | 100.0 | 395100 |

MEDIAN VALUE OF ALL SECURITIES $41,710

*THE ABOVE COLUMNS ADD TO MORE THAN THE BASE FIGURES BECAUSE SOME RESPONDENTS GAVE MULTIPLE ANSWERS.

For information on the survey questionnaire, letters of transmittal, sample and respondent distributions, contact: Donald E. Clark, Research Manager, The Wall Street Journal, 22 Cortlandt Street, New York, N.Y. 10007.

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SENTRY
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OPINION
STUDY

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# Businessmen's Attitudes Toward Commercial Insurance

Conducted by
Louis Harris and Associates
and
The Department of Insurance
The Wharton School,
University of Pennsylvania

CS 205225

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## INTRODUCTION

*Businessmen's Attitudes Toward Commercial Insurance* is the second in a series of bellweather studies commissioned by Sentry Insurance.

In 1973, Sentry made a substantial commitment to the insurance industry and the public by undertaking a pioneering effort to explore attitudes of consumers toward the major areas of insurance coverage. That first study — *Auto and Homeowners Insurance* — was published in January 1974, and is now widely regarded as a landmark development for the industry.

Both of these studies were developed jointly by Louis Harris and Associates and The Wharton School, Department of Insurance, of the University of Pennsylvania.

## ABOUT THIS STUDY

In the last several years, there has been a great deal of public attention directed toward employee and occupational safety, product dangers, and mixed forms of employee-employer-government health insurance.

Recent federal action such as the Occupational Safety and Health Act (OSHA) and the creation of the National Institute of Occupational Safety and Health (NIOSH), as well as improved state workers' compensation laws, and contemplated comprehensive federal health insurance plans, are today having an enormous impact on businesses of all sizes.

Businessmen from companies ranging from the "Main Street" retailer to "Fortune 500" manufacturer must now assess all their possible insurable risks to prevent financial loss. They must concern themselves with such things as:

- Selecting methods of construction and location of facilities to reduce susceptibility to destruction;
- Segregating dangerous equipment or inventory to prevent destruction of property;
- Designing and packaging of products to reduce the possibility of product liability suits;
- Designing programs to reduce costs attributable to employee dishonesty;
- Designing and maintaining their premises to reduce liability suits involving people other than employees.

Because of these considerations, the first part of this study probes, in depth, the attitudes of businessmen toward these emerging "quality of life" demands from the public.

Part II of the study examines the attitudes of key decision-makers toward the various aspects of commercial insurance and the relationships between the carriers, the agents and brokers, and the problems and opportunities for the insurance industry as a whole.

On pages 53 through 56, is a Technical Data Appendix which describes the sampling, the methodology and other details about how the study was conducted and analyzed.

*Businessmen's Attitudes Toward Commercial Insurance* is based on interviews with 1,143 executives interviewed between March 31 and April 28, 1975.

## STUDY HIGHLIGHTS

The following detailed findings show graphically that, "this study provides one of the rare times when it can be documented that most businessmen are well intentioned" in the areas of employee and product safety, workers' compensation and health insurance. Yet when confronted with government regulation, businessmen "recoil in shock and bitterness."

It is worth highlighting here, though, some of the more far reaching findings to emerge:

- No more than 30% of the businessmen could say that employee safety was a "very serious" matter for their company.
- While, by a plurality of 48-32% businessmen say that OSHA has been good for American Business, only 16% could say that complying with OSHA standards would have a "very serious" effect on their companies and only another 24% could say it would have a "somewhat serious" effect.
- By a good 64-28% majority, businessmen feel the "government is pushing too hard on employee safety."
- A substantial 56-36% majority favor uniform workers' compensation laws.
- By a narrow 49-48% margin, businessmen feel the problem of product and service safety is "hardly serious at all."
- A large 63-30% majority are opposed to compulsory federal health insurance.
- A staggering 93% of the businesses surveyed have *not* studied the cost impact of a national health insurance program on their companies, yet a 58% majority feels that the popular employer-employee financed coverage would wind up costing the company more money.

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# THE IMPACT OF QUALITY OF LIFE ISSUES ON BUSINESSMEN

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## 1. AN OVERVIEW

Over the past five years, Americans have demonstrated that the quality of life is at least as important to them as the quantity of goods and services which they might acquire.

Specifically:

- A majority (51%) of the public feels that the quality of life in America has deteriorated in the past 10 years.
- More and more people are worrying about product and service safety and employee safety.
- 51% think that the quality of most goods and services has deteriorated over the past decade.
- One in three adults feels that medical services available to them are not adequate to do the job.

Thus, a major part of this study is an in-depth analysis of how key business decision-makers are planning to deal with these major concerns of the public.

It probes the extent to which they are adapting their risk assessment and insurance programs to gear up to the new public mandate.

## 2. THE RISE IN QUALITY OF LIFE FACING BUSINESSMEN IN THE PAST FEW YEARS.

There is little doubt that businessmen have become conscious of new problems arising in their companies' day-to-day operations.

In the areas of employee health insurance, employee safety, product and service quality, and product and service safety, substantially more businessmen overall report problems have increased rather than decreased.

Significantly, in each of these areas the larger the company, the more likely it is to report in majority numbers that the problems are becoming aggravated. But even the smallest companies show considerable awareness of the drift of public and governmental concern.

It is also interesting to note that among the more sophisticated companies with full-time insurance departments, the number of companies reporting that these problems have increased is greater than among all companies studied.

## INTENSITY OF PROBLEMS FACING BUSINESSMEN IN THE PAST FEW YEARS

| | Total Business | Sales Volume | | | Full-Time Insurance Department |
|---|---|---|---|---|---|
| | | Small | Medium | Large | |
| | % | % | % | % | % |
| **Employee Health Insurance** | | | | | |
| Have increased | 46 | 43 | 47 | 61 | 57 |
| Have decreased | 6 | 7 | 4 | 4 | 6 |
| Not changed much | 46 | 47 | 48 | 34 | 35 |
| Not sure | 2 | 3 | 1 | 1 | 2 |
| **Employee Safety** | | | | | |
| Have increased | 45 | 38 | 50 | 63 | 53 |
| Have decreased | 10 | 11 | 7 | 7 | 15 |
| Not changed much | 45 | 51 | 41 | 30 | 32 |
| Not sure | * | — | 2 | — | — |
| **Product and Service Quality** | | | | | |
| Have increased | 45 | 43 | 46 | 51 | 52 |
| Have decreased | 17 | 17 | 16 | 18 | 14 |
| Not changed much | 36 | 38 | 37 | 31 | 30 |
| Not sure | 2 | 2 | 1 | — | 4 |
| **Product and Service Safety** | | | | | |
| Have increased | 43 | 42 | 44 | 54 | 60 |
| Have decreased | 8 | 9 | 8 | 5 | 17 |
| Not changed much | 45 | 47 | 45 | 40 | 31 |
| Not sure | 4 | 2 | 3 | 1 | 2 |

---

**OBSERVATION: One of the facts of modern business life is that it is not sufficient any longer to handle just the tough problems of management, product conception and development, employment and training of personnel, financial viability, and marketing. Besides these traditional components, which add up to whether or not the company will be profitable over a sustained period of time, modern management must now cope with a whole series of outside objectives demanded by society. These include product safety, employee safety, product quality, and employee health insurance, along with environmental controls, employment of minorities, and living up to the letter of the law.**

**How business copes with those which fall within the insurable risk area is the major thrust of Part I of this study.**

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### 3. THE KEY AREA OF EMPLOYEE SAFETY

### (a) THE KINDS OF PRESSURES BUSINESSMEN HAVE FELT RECENTLY REGARDING EMPLOYEE SAFETY

The cross-section of business decision-makers was asked the kinds of felt pressures they have had in the employee safety area in the past few years.

When broken down into its component parts, the kinds and thrust of the pressures on business in the area of employee safety begins to emerge:

—A high 61% of all businessmen surveyed report that pressure "to improve employee safety" is on the rise.

—In turn, the urgency of "reviewing and assessing your risks in protecting employee safety" is also felt to be rising in the view of 57%. A much higher 72% of the bigger companies report such pressures mounting.

—A majority of 52% also report that the need to "warn your employees about the possible hazards or dangers in their work" has been rising.

—But when the questioning focused on what they might be doing to respond to these sharply rising pressures, no more than 46% of the entire sample could report they felt pressures to "assume more liability for employee accident and health hazards" — although a majority of larger businesses do say they are responding in this way.

—Finally, when asked if they felt pressures to "take out more comprehensive insurance to cover possible claims for their employees" in the safety area, no more than 33% could say that they felt these pressures rising.

**INCREASING OUTSIDE PRESSURES IN EMPLOYEE SAFETY AREA IN THE PAST FEW YEARS**

| | Total Business % | Sales Volume<br>Small % | Medium % | Large % |
|---|---|---|---|---|
| **To improve employee safety** | | | | |
| Increasing | 61 | 57 | 66 | 74 |
| Not happened | 27 | 29 | 24 | 20 |
| Not applicable (vol.) | 12 | 13 | 9 | 5 |
| Not sure | — | 1 | 1 | 1 |
| **To review and assess your risks in protecting employee safety** | | | | |
| Increasing | 57 | 54 | 60 | 72 |
| Not happened | 29 | 29 | 29 | 21 |
| Not applicable (vol.) | 14 | 16 | 11 | 6 |
| Not sure | — | 1 | * | 1 |
| **To warn your employees about the possible hazards or dangers in their work** | | | | |
| Increasing | 52 | 50 | 51 | 69 |
| Not happened | 31 | 30 | 34 | 23 |
| Not applicable (vol.) | 16 | 19 | 14 | 7 |
| Not sure | 1 | 1 | 1 | 1 |
| **To assume more liability for employee accidents and health hazards** | | | | |
| Increasing | 46 | 42 | 49 | 57 |
| Not happened | 38 | 39 | 38 | 31 |
| Not applicable (vol.) | 15 | 16 | 13 | 11 |
| Not sure | 1 | 3 | * | 1 |
| **To take out more comprehensive insurance to cover possible claims by your employees** | | | | |
| Increasing | 33 | 28 | 40 | 41 |
| Not happened | 47 | 48 | 47 | 44 |
| Not applicable (vol.) | 18 | 21 | 12 | 14 |
| Not sure | 2 | 3 | 1 | 1 |

### (b) THE SERIOUSNESS OF EMPLOYEE SAFETY.

Indeed, when the businessmen were then asked how serious a problem employee safety is for their own specific companies, no more than 30% could say it was "very serious." Another 29% said it was "only somewhat serious," but 41% reported it was "hardly serious at all." Of these companies, fully half are engaged in the type of work where accidents happen with greater frequency.

It is also interesting to note that more companies with a full-time insurance department say that the problem of employee safety is "very serious."

**HOW SERIOUS A PROBLEM IS EMPLOYEE SAFETY FOR YOUR BUSINESS?**

| | Total Business | Sales Volume | | | Full-Time Insurance Department |
|---|---|---|---|---|---|
| | % | Small % | Medium % | Large % | % |
| Very serious | 30 | 29 | 30 | 42 | 49 |
| Only somewhat serious | 29 | 26 | 32 | 29 | 24 |
| Hardly serious at all | 41 | 45 | 38 | 29 | 27 |
| Not sure | — | — | — | — | — |

### (c) MEASURES ADOPTED TO LESSEN WORK INJURIES.

In a kind of bottom-line on employee safety, the facts show that 38% have no employee safety program at all — in an area where 61% acknowledge they are under real pressure to increase their programs.

Among small businesses the percentage having no employee safety programs rises to 43%, and among medium-sized companies to 34%. Even the 18% of big companies who have no such program must be viewed as substantial.

**SAFETY TRAINING AND ENGINEERING PROGRAMS UNDERTAKEN TO REDUCE WORK INJURIES.**

| | Total Business | Sales Volume | | |
|---|---|---|---|---|
| | % | Small % | Medium % | Large % |
| Undertake | 53 | 46 | 57 | 78 |
| Do not undertake | 38 | 43 | 34 | 18 |
| Does not apply (vol.) | 9 | 10 | 8 | 2 |
| Not sure | * | 1 | 1 | 2 |

---

**OBSERVATION: To a large degree, it is a case of business knowing that it is going to be confronted with real demands in the employee safety area, but hoping against hope that the day of reckoning might be somewhere off in the future. Yet, given this stance on the part of business, when employee safety programs are mandated by governmental action, it will then appear that business was a reluctant dragon to undertake such safety programs. Nevertheless, this is precisely the situation that appears to exist for most American businesses in the employee safety area.**

---

### (d) KINDS OF EMPLOYEE SAFETY PROGRAMS IN AMERICAN BUSINESS.

Among those 53% who have undertaken a program of employee safety training, easily the top two efforts are "on-the-job safety training" (90%) and "on-the-job safety supervision" (89%). Another 74% report they "use 'spot promotion' techniques, such as circulars, posters and bulletin boards." However, no more than 50% say they have "safety engineering requiring the re-evaluation of plant and machinery" and 46% of those with programs report they have "regular safety seminars for employees."

While some companies have more than one program on emloyee safety, no single safety campaign is employed in more than half of the companies in the country.

**EMPLOYEE SAFETY PROGRAMS**

| | Total Business % |
|---|---|
| No programs at all | 38 |
| Safety programs do not apply | 9 |
| **Have safety programs** | **53** |
| On-the-job safety training | 48 |
| On-the-job safety supervision | 47 |
| Use of "spot promotion" techniques | 39 |
| Safety engineering requiring re-evaluation of plant and machinery | 26 |
| Regular safety seminars for employees | 24 |

## 4. THE IMPACT OF OSHA (OCCUPATIONAL SAFETY HEALTH ACT)

### (a) THE OVERALL REGARD FOR OSHA

One major development in the past few years has been the establishment of OSHA by the federal government. By a 48-32% plurality, most businessmen appear to see the setting up of OSHA standards as good for American business in general. However, When asked how OSHA might affect their own operations, only 16% reported "very seriously" and another 24% "somewhat seriously."

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### HAVE OSHA STANDARDS BEEN GOOD FOR AMERICAN BUSINESS?

| | Total Business | Sales Volume | | |
|---|---|---|---|---|
| | | Small | Medium | Large |
| | % | % | % | % |
| Been good | 48 | 47 | 46 | 61 |
| Not been good | 32 | 30 | 36 | 25 |
| Not sure | 20 | 23 | 18 | 14 |

### HOW SERIOUS AN EFFECT WILL COMPLYING WITH OSHA STANDARDS HAVE ON YOUR BUSINESS?

| | Total Business % |
|---|---|
| Very serious | 16 |
| Somewhat serious | 24 |
| Not serious at all | 57 |
| Not sure | 3 |

### (b) THE EFFECTS OF OSHA ON THE FEELINGS OF KEY BUSINESSMEN.

The bottom line on OSHA was expressed when each business decision-maker was asked what the effects of OSHA were. At the top of the list, singled out by 65% as most descriptive of OSHA's impact, is "this was a further indication of federal government encroachment on private enterprise."

However, by a 54-43% majority, the businessmen surveyed also admitted that as a result of OSHA, "there would be an inspection and, to avoid possible trouble, you wanted to do something about employee safety." Another 45% said it made them feel they had "an obligation to undertake an employee safety program," while an equal number said it made them realize that "employees ought to be working under safer conditions and undergo safety training for their own protection."

Only a small 19% reported that, as a result of the OSHA requirements, "production or delivery of services" had to be reduced.

### EFFECTS OF OSHA

| | Made Feel % | Did Not Feel % | Not Sure % |
|---|---|---|---|
| This was a further indication of federal government encroachment on private enterprise | 65 | 29 | 6 |
| There would be an inspection and, to avoid possible trouble, you wanted to do something about employee safety | 54 | 43 | 3 |
| You had an obligation to undertake an employee safety program | 45 | 52 | 3 |
| Employees ought to be working under safer conditions and undergo safety training for their own protection | 45 | 53 | 2 |
| Production or delivery of services would be reduced | 19 | 76 | 5 |

Tied in with the 65% who feel "this was a further indication of federal government encroachment on private enterprise" is the fact that a 64%-28% majority feels "the federal government has been pushing too hard on employee safety programs."

### IS GOVERNMENT PUSHING TOO HARD ON EMPLOYEE SAFETY PROGRAMS?

| | Total Business % |
|---|---|
| Pushing too hard | 64 |
| Not pushing too hard | 28 |
| Not sure | 8 |

### (c) OSHA INSPIRED SAFETY PROGRAMS

The fact that 60% of all business decision-makers testify that OSHA has not had a serious effect on their own business can be taken to mean that they have not viewed it as necessary, nor mandatory, to institute employee safety programs as a result of the new legislation and regulations. However, a substantial 36% over-all did say they put in just such safety programs as a result of OSHA.

Given the fact that 53% of all businesses have a safety program, it is immediately evident that OSHA alone has, at least in part, accounted for over 6 in 10 of all programs now on line. The impact of OSHA has been particularly heavy among businesses in the contracting and heavy manufacturing industries, among the larger firms, and among those with a full-time insurance department.

### EMPLOYEE SAFETY PROGRAMS AS A RESULT OF OSHA.

| | Have Put In % | Not Put In % | Not Sure % |
|---|---|---|---|
| **Total Business** | **36** | **62** | **2** |
| **Industry** | | | |
| Contracting | 58 | 39 | 3 |
| Heavy manufacturing | 45 | 54 | 1 |
| **Sales Volume** | | | |
| Small | 32 | 67 | 1 |
| Medium | 41 | 58 | 1 |
| Large | 53 | 45 | 2 |
| Full-time insurance department | 59 | 36 | 5 |

### (d) HOW MUCH OSHA HAS INFLUENCED THE DEVELOPMENT OF SAFETY PROGRAMS

The proof positive of the impact of OSHA could be seen when all those with an employee safety program were asked directly how much of an influence OSHA has been. No more than 28% with a training program were able to say OSHA has had "no influence at all." The remaining 72% split, with 35% saying OSHA was a minor influence and 37% acknowledging that it was a major influence.

### INFLUENCE OF OSHA ON DEVELOPING SAFETY TRAINING AND ENGINEERING PROGRAMS.
**(Base: Undertake safety training program = 53%)**

| | Total Safety Training Programs % | Sales Volume Small % | Medium % | Large % |
|---|---|---|---|---|
| Major influence | 37 | 41 | 37 | 36 |
| Minor influence | 35 | 25 | 42 | 47 |
| Not any influence at all | 27 | 33 | 21 | 17 |
| Not sure | 1 | 1 | — | — |

### (e) SPECIFIC SAFETY INNOVATIONS INSPIRED BY OSHA.

As a result of the OSHA legislation and regulations, business decision-makers acknowledging OSHA's influence report a whole host of safety innovations. The top six specific programs apparently brought about by OSHA are: safety training classes (33%), making employees wear safety equipment (16%), conducting regular safety meetings (16%), displaying safety signs and posters (13%), starting a first aid program (12%), and improving the safety of the building (12%).

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### PROGRAMS INSTITUTED AS A RESULT OF OSHA.
(Base: Instituted safety programs = 36%)

| | Total Instituted Programs % |
|---|---|
| Safety training classes | 33 |
| Make employees wear safety equipment | 16 |
| Have regular safety meetings | 16 |
| Displayed safety signs, posters | 13 |
| Started first aid programs | 12 |
| Improved safety of building | 12 |
| Put in safer machinery | 11 |
| Put in guards, locks, safety belts | 11 |
| Have complied with regulations | 10 |
| Pass out safety booklets | 7 |
| Become more involved in safety | 5 |
| Have regular inspections | 5 |
| Fire prevention drills | 4 |
| Employ safety consultant | 4 |
| Have own safety evaluation | 1 |
| Not sure | 1 |

---

**OBSERVATION: In a sense, the experience of businessmen with OSHA is perhaps a classic and typical case both of how change is wrought in the system and of how business develops antipathy to government.**

**In essence, the business community is divided on OSHA between those who feel the legislation and new regulations were necessary if employee safety was to be protected and those who feel the whole matter is another case of governmental "encroachment on free enterprise." Almost totally missing from the reasoning of most businessmen on either side of the issue is a sense that in the society in which business is allowed to operate, one of the emerging concerns of safety — indeed, one of its top priorities — is that people work under reasonably safe conditions.**

**By their own testimony, the business community surveyed is in effect saying that the public concern is not a concern of theirs, at least not in terms of their own initiative. But this very attitude in turn surely must pave the way for the federal government to step in and act on behalf of what the people feel is the public interest. At this point, business begins to feel put upon, to be overregulated by government, and finally, by better than 2 to 1, feels "government in the case of OSHA has encroached on the freedom of business."**

**What can one conclude that the likely public response will be to this kind of business reasoning? Some, of course, will agree with the business approach of telling government to keep hands off. But, from other Harris surveys, it is evident that a majority will inevitably reach the conclusion that business simply will not assume new responsibilities such as employee safety on its own and will only put in new programs in this area, or nearly any other area, only if forced to by the**

**government. Such a state of affairs can only end up hurting business in the eyes of its customers, its employees, and the public as a whole, and can only encourage further governmental action in other areas, likely in turn to be resisted by business.**

**While there is no doubt that some kind of federal standards on employee safety would be needed under any conditions, a whole other approach by the business community might have been taken. Certainly if business itself had urged adoption of employee safety standards, there would have been a much better chance that business would have been consulted on just what those standards realistically ought to be. Also, business would have been credited with some kind of identification with the larger objectives of the outside society. In fact, it is not impossible that under a program initiated by business, companies might have received tax credits for instituting employee safety programs, thus compensating them for the added costs involved. But when the approach of business is to resist any and all new regulations simply because they mean more regulation, then business is going to be in trouble with the public and with the government that represents them. And OSHA is a classic example of just how it can work.**

## 5. THE EMERGING CASE OF WORKERS' COMPENSATION

### (a) THE NEED FOR FEDERAL LEGISLATION.

One of the earliest forms of social insurance passed in this country was state legislation which compensated workers for injuries incurred on the job. Now there is a serious attempt being made to make the various state laws uniform in the compensation which is paid to workers receiving comparable injuries, in the form of a bill jointly sponsored by Senator Harrison Williams (D.,N.J.) and Senator Jacob Javits (R.,N.Y.).

When asked about the need for federal legislation to provide similar benefits among the states for injured employees, a substantial 56-36% majority opted in favor of such legislation. Only in the South were employers against such uniformity in benefits.

**ATTITUDES TOWARD FEDERAL LEGISLATION TO PROVIDE COMPARABLE BENEFITS AMONG STATES TO INJURED EMPLOYEES**

| | Favor % | Oppose % | Not Sure % |
|---|---|---|---|
| **Total Business** | 56 | 36 | 8 |
| **Region** | | | |
| East | 71 | 24 | 5 |
| Midwest | 61 | 32 | 7 |
| South | 39 | 52 | 9 |
| West | 56 | 35 | 9 |
| **Sales Volume** | | | |
| Small | 57 | 33 | 10 |
| Medium | 56 | 40 | 4 |
| Large | 50 | 44 | 6 |
| Full-time insurance department | 61 | 35 | 4 |

### (b) FAMILIARITY WITH DEVELOPMENTS AND PROPOSED LEGISLATION IN THE WORKERS' COMPENSATION FIELD

Yet when probed about their knowledge of developments in the workers' compensation field, only 27% said they had any familiarity with the report of the National Commission on State Workers' Compensation Laws and only 29% were familiar with the Williams-Javits proposed legislation. That minority who were familiar with the Williams-Javits bill were then asked if they had studied the costs to their company of that bill. Only 16% had, while 84% had not. Thus, no more than 5% of the business community is apparently aware of imminent changes in the workers' compensation laws, which could affect every business in the country.

**FAMILIARITY WITH REPORT OF NATIONAL COMMISSION ON STATE WORKERS' COMPENSATION LAWS**

| | Total Business % | Sales Volume<br>Small % | Medium % | Large % | Full-Time Insurance Department % |
|---|---|---|---|---|---|
| Familiar | 27 | 26 | 29 | 32 | 42 |
| Not familiar | 71 | 72 | 69 | 67 | 53 |
| Not sure | 2 | 2 | 2 | 1 | 5 |

**FAMILIARITY WITH WILLIAMS-JAVITS PROPOSED LEGISLATION TO INCREASE WORKERS' COMPENSATION BENEFITS AND MAKE THEM MORE UNIFORM AMONG STATES**

| | Total Business % | Sales Volume<br>Small % | Medium % | Large % | Full-Time Insurance Department % |
|---|---|---|---|---|---|
| Familiar | 29 | 24 | 32 | 49 | 38 |
| Not familiar | 69 | 74 | 67 | 51 | 62 |
| Not sure | 2 | 2 | 1 | * | * |

**WHETHER BUSINESSMEN HAVE STUDIED COSTS TO COMPANY OF WILLIAMS-JAVITS PROPOSED LEGISLATION ON WORKERS' COMPENSATION**

| | Total Familiar % |
|---|---|
| Have reviewed | 16 |
| Have not reviewed | 84 |
| Not sure | * |

### (c) WAYS IN WHICH BUSINESSES ARE INSURED ON WORKERS' COMPENSATION.

The vast majority of companies (75%) report they are fully insured with no deductibles on their current workers' compensation. The rest have varying forms of insurance to be sure they are covered as required by state law:

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**HOW WORKERS' COMPENSATION IS INSURED.**

| | Total Business % |
|---|---|
| Fully insured (no deductible) | 75 |
| Fully self-insured (no insurance) | 3 |
| Self-insured with excess-of-loss coverage | 3 |
| Self-insured medical expenses with commercially insured income replacement | 5 |
| Merely something required by state law (vol.) | 6 |
| Not sure | 8 |

## (d) ATTEMPTS TO INFLUENCE WORKERS' COMPENSATION LEGISLATION.

Now, of course, it is likely that both the federal and their own state laws are about to be changed. When asked, no more than 11% said they had ever attempted to influence workers' compensation laws in their own state.

**EXTENT OF INFLUENCING WORKERS' COMPENSATION LEGISLATION IN OWN STATE.**

| | Total Business % | Full-Time Insurance Department % |
|---|---|---|
| Have attempted | 11 | 30 |
| Have not attempted | 89 | 67 |
| Not sure | * | 3 |

## (e) WHETHER INSURANCE COMPANIES KEEP THEIR CLIENTS ABREAST OF CHANGES IN WORKERS' COMPENSATION LAWS.

No more than 21% reported in this study that their insurance company or agent had informed them of possible changes in workers' compensation laws.

**EXTENT TO WHICH INSURANCE COMPANY OR AGENT HAS INFORMED COMPANIES OF POSSIBLE CHANGES IN WORKERS' COMPENSATION LAWS.**

| | Total Business | Sales Volume | | |
|---|---|---|---|---|
| | | Small | Medium | Large |
| | % | % | % | % |
| Has informed | 21 | 20 | 22 | 35 |
| Has not informed | 76 | 77 | 77 | 60 |
| Not sure | 3 | 3 | 1 | 5 |

**OBSERVATION:** Here, then, in the case of workers' compensation, another classic case appears likely to arise for the American business community. By their own testimony, most businessmen actually favor making the compensation laws of the various states uniform in their payments to injured workers. This is real testimony to the fact that businessmen would like to see the lot of workers injured on the job improved.

However, almost predictably, when the legislation is passed, and then costs for workers' compensation insurance rise, business likely will be heard to grumble about some more regulation put upon them without any warning by Washington. Indeed, for most of the businessmen surveyed, such changes in workers' compensation will be like a bolt out of the blue. And, while a majority are now on record through this survey as thinking uniformity is a good idea, when it affects their cost structure and the bottom line of their earnings, their attitude might well be quite different.

Yet, the system of communications, as presently structured, obviously provides little chance that the average businessman can learn about such changes in advance. Not even 3 in 10 had ever heard of the National Commission on State Workers' Compensation Laws, nor of the Williams-Javits bill. No more than 21% have had word from their insurance company or agent about impending changes, and a meager 5% have studied the cost impact of such uniformity changes upon their own operations.

Certainly if another OSHA episode is not to take place, with all of its incumbent bitterness on the part of business which has to pay most of the bill, then the insurance industry as well as the federal government ought to take it upon themselves to make better efforts to inform the business community of impending changes. Obviously, in self-defense, business as well must set up input communications which better inform itself of such changes, which indeed affect the cost of running a business. The ultimate fall-out, of course, is that business, surprised by the incremental cost increase, is likely to complain and then, in turn, be accused of being calloused and hard-hearted about injured workers. Yet, ironically, without knowing how it might affect them, a majority of 56-36% among businessmen themselves favor just such a measure.

## 6. THE QUESTION OF PRODUCT AND SERVICE SAFETY

### (a) THE SERIOUSNESS OF PRODUCT/SERVICE SAFETY.

By a narrow 49-48% margin, most businessmen surveyed expressed the view that the issue of product or service safety for them is "hardly serious at all." However, among larger companies, a 64-33% majority see the product safety issue as a serious one for them, as, indeed, do those who have their own full-time insurance department, where an even higher 72-27% majority see the seriousness of the situation.

### HOW SERIOUS IS PRODUCT/SERVICE SAFETY FOR YOUR BUSINESS?

| | Total Business | Sales Volume | | | Full-Time Insurance Department |
|---|---|---|---|---|---|
| | | Small | Medium | Large | |
| | % | % | % | % | % |
| Very serious | 22 | 20 | 25 | 29 | 38 |
| Only somewhat serious | 26 | 24 | 22 | 35 | 34 |
| Hardly serious at all | 49 | 53 | 51 | 33 | 27 |
| Not sure | 3 | 3 | 2 | 3 | 1 |

### (b) LOSS PREVENTION PROGRAMS TO REDUCE NON-EMPLOYEE LIABILITY SUITS.

Part of the reason for the relative assurance expressed by businessmen in the product safety area is that a substantial 67% report they do undertake a loss prevention program "in the design, layout and maintenance of premises to reduce possible liability suits involving people other than employees."

At least as far as injuries incurred on the premises on which a business operates, the vast majority of businesses report they are covered, although better than 1 in 5 say they are not.

### ENTENT TO WHICH BUSINESSMEN UNDERTAKE LOSS PREVENTION PROGRAMS IN DESIGN, LAYOUT AND MAINTENANCE OF PREMISES TO REDUCE POSSIBLE LIABILITY SUITS INVOLVING PEOPLE OTHER THAN EMPLOYEES.

| | Total Business | Sales Volume | | |
|---|---|---|---|---|
| | | Small | Medium | Large |
| | % | % | % | % |
| Undertake | 67 | 67 | 63 | 74 |
| Do not undertake | 21 | 20 | 24 | 17 |
| Does not apply (vol.) | 11 | 12 | 13 | 7 |
| Not sure | 1 | 1 | * | 2 |

### (c) LOSS PREVENTION PROGRAMS TO REDUCE PRODUCT LIABILITY SUITS.

In the area of designing or packaging the product to reduce products liability suits, again a majority of 62% of the companies where such a problem is applicable say they are covered, although a much higher 38% say they are not. It should be pointed out that fully 53% of the businesses surveyed said such loss prevention programs simply did not apply to their type of output.

Where the problem is applicable, although a majority of businesses are confident that they are covered in their insurance against liability suits due to unsafe product, a significant minority of nearly 4 in 10 eligible companies are not covered. Even among the larger companies, fully 30% of those effected report they do not have a loss prevention program.

### EXTENT TO WHICH BUSINESSMEN UNDERTAKE LOSS PREVENTION PROGRAMS, DESIGNING OR PACKAGING THE PRODUCT TO REDUCE PRODUCTS LIABILITY SUITS.

| | Total Business % | Sales Volume<br>Small % | <br>Medium % | <br>Large % |
|---|---|---|---|---|
| Undertake | 29 (62) | 27 (61) | 27 (59) | 35 (70) |
| Do not undertake | 18 (38) | 17 (39) | 19 (41) | 15 (30) |
| Does not apply (vol.) | 53 | 56 | 53 | 49 |
| Not sure | * | * | 1 | 1 |

### (d) REACTIONS TO SOME REASONS WHY COMPANIES MIGHT INCREASE PRODUCT AND EMPLOYEE SAFETY INSURANCE.

This lack of higher coverage becomes more puzzling, because when asked directly about it, by 81-15%, a sizeable majority of businessmen reject the view that "if a business has adequate insurance on the risks it takes on products and services, then it does not have to worry as much about putting out lower quality products and services." Here is ample testimony to the fact that businessmen realize the serious troubles they would be in if they acquire a reputation for putting out shoddy merchandise, quite apart from the insurance liability aspect.

What is more, by 58-23%, a majority also believes that "most insurance companies give employers an incentive to improve product safety by lowering premiums on products liability insurance for a good safety record." So, in addition, there is rather widespread knowledge that the actual insurance premiums will be reduced in the face of a good product or service safety record.

However, the businessmen are far more reluctant to go one step further and, by only a narrow 46-42% plurality, agree that "if a business has adequate products liability insurance, then it can be much more open in telling customers about the possible hazards in using its products."

### ARGUMENTS FOR INCREASING INSURANCE COVERAGE FOR PRODUCT AND EMPLOYEE SAFETY.

| | Agree % | Disagree % | Not Sure % |
|---|---|---|---|
| If a company improves its safety record, its rates under workers' compensation laws will be lowered | 72 | 15 | 13 |
| Most insurance companies give employers an incentive to improve product safety by lowering premiums on products liability insurance for a good safety record | 58 | 23 | 19 |
| If a business has adequate products liability insurance, then it can be much more open in telling customers about the possible hazards in using its products | 46 | 42 | 12 |
| If a business has adequate insurance on the risks it takes on products and services, then it does not have to worry as much about putting out lower quality products and services | 15 | 81 | 4 |

### (e) EXTENT TO WHICH OUTSIDE PRESSURES INFLUENCE THE PRODUCT/SERVICE SAFETY PROGRAMS.

Part of the answer to the puzzle emerges when the same businessmen are asked the extent to which they have felt mounting pressures from outside their business over the past few years in the product and service safety area.

Most striking about these results is that in only one case is there so much as a plurality who see pressures from the outside increasing: a 44-40% plurality feel pressures are increasing the case of "reviewing and assessing the company's risks in product and service safety." A substantial 42% also report that pressures are on the rise "to provide safer products and services," although 45% do not see it that way. Again, in the case of rising pressures on the company "to assume more liability for safety hazards in the use of products and services you sell," 40% report such pressures rising, although 42% do not.

In two other areas, a clear plurality came up with a negative reaction to pressures from outside on the product and service safety area:

—By 47-39%, most businesses say these pressures have not come to bear on them to take out "more comprehensive insurance to cover possible claims from using your products and services."

—By 49-23%, they do not feel that pressures are mounting to "warn customers of the dangers in using the products and services you sell." Larger companies are much more inclined, however, than others to be aware of mounting pressures to reveal product dangers.

**INCREASING PRESSURES FROM OUTSIDE YOUR BUSINESS IN PAST FEW YEARS.**

| | Total Business | Sales Volume | | |
|---|---|---|---|---|
| | | Small | Medium | Large |
| | % | % | % | % |
| **To review and assess your company's risks in product/service safety** | | | | |
| Increasing | 44 | 40 | 46 | 63 |
| Not happened | 40 | 42 | 42 | 27 |
| Not applicable (vol.) | 14 | 15 | 12 | 9 |
| Not sure | 2 | 3 | — | 1 |
| **To provide safer products and services** | | | | |
| Increasing | 42 | 41 | 39 | 56 |
| Not happened | 45 | 46 | 48 | 35 |
| Not applicable (vol.) | 13 | 13 | 12 | 9 |
| Not sure | * | * | 1 | * |
| **To assume more liability for safety hazards in the use of products and services you sell** | | | | |
| Increasing | 40 | 37 | 41 | 51 |
| Not happened | 42 | 44 | 45 | 36 |
| Not applicable (vol.) | 17 | 19 | 14 | 12 |
| Not sure | 1 | * | * | 1 |
| **To take out more comprehensive insurance to cover possible claims from using your products and services** | | | | |
| Increasing | 39 | 36 | 42 | 48 |
| Not happened | 47 | 51 | 44 | 44 |
| Not applicable (vol.) | 13 | 12 | 13 | 7 |
| Not sure | 1 | 1 | 1 | 1 |
| **To warn customers of the dangers of using the products and services you sell** | | | | |
| Increasing | 23 | 19 | 25 | 39 |
| Not happened | 49 | 49 | 50 | 44 |
| Not applicable (vol.) | 28 | 31 | 25 | 17 |
| Not sure | * | 1 | * | — |

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**OBSERVATION: Indeed, in another study for a roster of Harris clients, including Sentry, conducted at approximately the same time as this survey, the American people revealed that for 14 specific product types, ranging from power lawnmowers, automobiles, fabrics, children's toys, television sets, automobile tires, and many others, worries about product safety have risen steadily over the past four years. And when asked directly about it, a 73-22% majority of the public agreed that "the way to solve the product safety problem is not to ban products, but to require that health warnings be put on the packaging of products, such as is required for cigarettes and drugs."**

**The early warnings from the public in fact are greater than the awareness of these pressures among businessmen themselves. Once again, there is a certain amount of built-in insulation and immunity by key decision-makers in business to these outside influences, undoubtedly the result of the internal pressures of running a business and meeting today's demands to keep the business going and profit-**

**able, let alone to anticipate large-scale trends and societal demands from the outside.**

**Yet the pressures in reality are mounting, probably much faster and more intensely than the business community is aware, and they are almost all in the direction of business providing more safety for its employees on the job, and in the services and products it renders the American public. It is not overstating the case to say that much of the future of American business will be judged by how well it is able to anticipate and to meet with equity these demands upon it from the outside to improve the quality of life of the society in which business exists.**

## 7. THE ROLE OF INSURANCE IN THE EMPLOYEE AND PRODUCT SAFETY AREAS

In many cases, the businessman must make a calculated assessment of just how much he can afford to pay for proper insurance coverage, and, indeed, whether or not he will be able to qualify for insurance coverage without a great deal of difficulty.

In every single case tested, a majority of the covered businesses reported that the difficulty of obtaining the insurance and the premium price they must pay for the coverage was an influence in their undertaking their program.
In other words, their experience in getting covered was not easy nor was it uncostly.

### EXTENT TO WHICH THE DIFFICULTY IN OBTAINING INSURANCE AND THE PREMIUM PRICE THAT MUST BE PAID HAS BEEN INFLUENCES IN UNDERTAKING LOSS PREVENTION PROGRAMS.

| | Major Influence % | Minor Influence % | Not Any Influence % | Not Sure % |
|---|---|---|---|---|
| Selecting methods of construction or location of facilities to reduce susceptibility to destruction | 30 | 25 | 44 | 1 |
| Design, layout and maintenance of premises to reduce possible liability suits involving people other than employees | 29 | 27 | 43 | 1 |
| Segregation of dangerous equipment or inventory to prevent destruction of property | 27 | 26 | 46 | 1 |
| Safety training and safety engineering program to reduce work injuries | 27 | 24 | 48 | 1 |
| Designing or packaging the product to reduce products liability suits | 24 | 28 | 47 | 1 |
| Designing systems or programs to reduce the costs attributable to employee dishonesty and pilferage | 23 | 29 | 47 | 1 |

**OBSERVATION: The fact that on the pending Williams-Javits workers' compensation reform bill no more than 21% of the companies had been informed of such a possible change by their insurance company or their agent, coupled with the fact that a majority report difficulties in obtaining insurance and paying premium prices for it when they get it, leaves the insurance with some questions of its own. One must raise the serious question of whether the industry is itself enough aware of and alert to the growing demands of the public in the product and employee safety areas to have geared both its service and selling apparatus to meet the new demands.**

**Not only must the insurance industry address itself to the question of whether it is structured properly to meet the changing marketplace needs, but the whole issue can be put quite another way. Rarely have there been greater opportunities for insurance companies to see to it that business is properly covered in the areas of employee and product and service safety risks. The shortcomings of the system of both communication and coverage are apparent in this study. It is still not too late for the correctives to be initiated by the industry and by business generally. But, from this and other Harris studies, it is evident that, in the absence of either insurance industry or general business initiatives, federal and state governmental measures in both employee and product safety areas will be stepped up and accelerated rather than tapered off in the years ahead.**

## 8. BUSINESSMEN ASSESS THE PROSPECT OF HEALTH INSURANCE.

### (a) THE CURRENT STATE OF HEALTH INSURANCE COVERAGE.

The overwhelming majority of American businessmen (a high 85%) think it's very important that their employees receive proper health insurance. Further, 82% overall, say that their employees are now covered and, by 91-8% rate the quality of the coverage positively.

There are differences, however, among the various types of businesses. Among smaller businesses, among those with 10-19 employees, in the contracting and retail trades, and in light manufacturing, scarcely more than three-quarters of all employees are covered by health insurance. By the same token, in medium-sized and large business establishments, there is almost universal coverage of employees with health insurance today. The following table illustrates.

## EXTENT OF EMPLOYEE HEALTH INSURANCE COVERAGE

| | Covered % |
|---|---|
| **Total Business** | **82** |
| **Industry** | |
| Contracting | 75 |
| Total manufacturing | 85 |
| Light manufacturing | 77 |
| Heavy manufacturing | 91 |
| Transp., comm., utilities | 91 |
| Wholesale trade | 90 |
| Retail trade | 75 |
| Service | 84 |
| **Number of Employees** | |
| 10-19 | 75 |
| 20-99 | 87 |
| 100 and over | 98 |
| **Region** | |
| East | 78 |
| Midwest | 85 |
| South | 81 |
| West | 81 |
| **Sales Volume** | |
| Small | 72 |
| Medium | 93 |
| Large | 100 |
| Full-time insurance department | 94 |

## (b) WHO IS PAYING FOR EMPLOYEE HEALTH INSURANCE PLANS?

For the most part, the health insurance plans now operative are split evenly between non-contributory (50%) and contributory, where employees and employer pay (46%), with a small 2% reporting only employees pay. So management is now paying a large share of the freight for employee health insurance in the country today.

### IS EMPLOYEE HEALTH INSURANCE PLAN CONTRIBUTORY OR NON-CONTRIBUTORY?

| | Total Business Covered % | Sales Volume Small % | Sales Volume Medium % | Sales Volume Large % | Full-Time Insurance Department % |
|---|---|---|---|---|---|
| Contributory (employee and management pay) | 46 | 46 | 45 | 49 | 42 |
| Non-contributory (only management pays) | 50 | 49 | 52 | 47 | 56 |
| Only employees pay (vol.) | 2 | 4 | 1 | * | 1 |
| Other | 2 | 1 | 2 | 4 | 1 |
| Not sure | — | — | — | — | — |

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### (c) REACTION TO "SOCIAL SECURITY" TYPE OF COMPULSORY FEDERAL HEALTH INSURANCE.

When a comprehensive, compulsory, solely federally funded health insurance proposal was put before the cross section of businessmen the results were 63-30% negative. The question was:

"Several different approaches to national health insurance have been put forth in recent years. One approach would operate like social security. People who are employed would receive comprehensive medical and health insurance for just about all health expenses, including operations, eyeglasses, and prescription drugs. People would select their own doctors as they do now, and federal health insurance would pay all bills. Coverage would be compulsory for all employed people, with costs shared jointly by employer and employee. Would you favor or oppose this form of federal health insurance"?

**ATTITUDES TOWARD COMPULSORY FEDERAL HEALTH INSURANCE.**

|  | Total Business % |
|---|---|
| Favor | 30 |
| Oppose | 63 |
| Not sure | 7 |

### (d) REACTIONS TO AN ALTERNATIVE: MIXED EMPLOYER-EMPLOYEE-GOVERNMENT HEALTH INSURANCE.

However, when the counterpart proposal for a mixed employer-employee-government health insurance program was put before the businessmen, almost an identical 63-28% opposition emerged:

"Another plan would continue to use private health insurance companies in their current role, but would require employers to provide health insurance that would grant benefits to their employees at least equal to certain minimum standards. The employer would not be responsible for more than 75% of the cost of the benefits. For low income families and occupational groups considered high risks, a subsidized plan would be available, with subsidies taken from federal and state tax revenues. Would you favor or oppose this mixed system of employer-employee-government health insurance?"

### ATTITUDES TOWARD MIXED EMPLOYER-EMPLOYEE-GOVERNMENT HEALTH INSURANCE.

| | Total Business % | Number Of Employees 10-19 % | 20-99 % | 100 and Over % | Sales Volume Small % | Medium % | Large % | Full-Time Insurance Department % |
|---|---|---|---|---|---|---|---|---|
| Favor | 28 | 25 | 28 | 44 | 24 | 29 | 42 | 29 |
| Oppose | 63 | 66 | 61 | 50 | 67 | 60 | 54 | 59 |
| Not sure | 9 | 9 | 11 | 6 | 9 | 11 | 4 | 12 |

### (e) BUSINESSMEN'S VIEWS ON FINANCING NATIONAL HEALTH INSURANCE.

Only in the case of larger companies with 100 or more employees can a substantial minority of over 40% of businessmen be found "in favor" of what is essentially the proposed health insurance program put forth by the last two Republican Administrations.

Instead, when four basic propositions were put to the businessmen, the one that gained the greatest support (44%) was that of employer-employee financing, with a rejection of all-government financing, all-employee financing, and all-employer financing:

### ATTITUDES TOWARD FINANCING OF NATIONAL HEALTH INSURANCE

| | Favor % | Oppose % | Not Sure % |
|---|---|---|---|
| Joint employer-employee financing | 44 | 52 | 4 |
| All-government financing (out of special taxes) | 16 | 80 | 4 |
| All-employee financing | 14 | 82 | 4 |
| All-employer financing | 13 | 84 | 3 |

### (f) REACTIONS TO THE COST IMPACT ON THE COMPANY OF EMPLOYEE-EMPLOYER FINANCED NATIONAL HEALTH INSURANCE.

When asked to estimate the cost pattern for the most popular plan, employer-employee financed coverage, a majority of 58% thought it would end up costing the company more money. Yet, 94% had *not* made any studies of the impact of national health insurance on their costs.

## THE ESTIMATE OF COST TO YOUR COMPANY OF EMPLOYEE/EMPLOYER FINANCED NATIONAL HEALTH INSURANCE.

| | Total Business % |
|---|---|
| Cost more money | 58 |
| Save money | 15 |
| Little difference | 19 |
| Not sure | 8 |

## EXTENT TO WHICH BUSINESS HAS MADE STUDIES ON COST IMPACT OF NATIONAL HEALTH INSURANCE SYSTEM.

| | |
|---|---|
| Have made studies | 6 |
| Have not made studies | 93 |
| Not sure | 1 |

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**OBSERVATION: Starting with the encouraging news that 85% of the nation's businessmen favor having their employees covered with health insurance, it is apparent upon deeper probing that businessmen are only willing to support a wholly private system, and stand adamantly against any kind of federal government participation in the health insurance system.**

**Once again, however, with not only liberals in Congress and organized labor solidly committed to enacting federal health insurance before the 1976 election, and with a Republican Administration in power favoring a mixed employer-employee-government system, the business community is likely to find itself confronted with a federal health insurance system not of its own choosing. And yet, inevitably, business costs and health insurance programs will be vitally affected by such legislation.**

**Thus, the pattern on health insurance is not dissimilar to that in the case of employee and product safety and workers' compensation. Partly through not being in touch, partly by not having proper information, and partly out of a desire to tell the government to keep hands off the way business is run in all instances, business finds itself in an almost constant state of having imposed on it a whole spate of legislation and regulation, some at least in response to well-documented public demand. As such, business therefore is largely outside the system, and yet, is made to conform to it.**

**Therefore, this study provides one of those rare times when it can be documented that most businessmen are well-intentioned in the employee and product safety areas, in reform of workers' compensation laws to make the benefits uniform across the state lines, and in seeing people covered with adequate health insurance. And yet, when confronted with the necessity to have government enter onto the scene, businessmen recoil in shock and even bitterness at the intrusion of government and at the incremental increase in their costs of doing business.**

The insurance industry could provide a vital link to the business community by filling in many of the voids of information and comprehension now seemingly lacking in the business decision-makers surveyed. Whether the insurance industry can do the job, however, depends in large measure on the degree of confidence business places in it today. The second section of this report will deal with this question.

Quite apart from the soundness of the relationship between business and the insurance industry, a key element in any effort to close the gaps in areas such as employee and product safety and health insurance, there is the additional question of whether the insurance industry itself is fully aware of the early warnings from the public on these quality of life issues. While this question was outside the scope of the present inquiry, it is nonetheless a question of urgent importance for the insurance industry to address itself to. For, it now seems almost certain that, in the absence of such attention by the industry to quality of life issues and demands, the void will be filled by federal and state governmental action. For the people want to be served, and a negative or even neutral response from the private sector will inevitably lead to a turning to government as a last recourse, despite the ironic fact that no institution is so unpopular nor so lacking in confidence in America today than the instrument of government at all levels.

## SECTION II:

## BUSINESS ATTITUDES TOWARD INSURANCE

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## 1. KEY ELEMENTS IN DETERMINING INSURANCE COVERAGE.

Businessmen approach the purchase of their insurance in a pragmatic spirit. They are aware of the need to be insured for a variety of risks, but, at best, they also reason, it is a relative world. Easily the top reason given in determining the pattern of their insurance coverage is price, singled out by 74% as very important, followed by availability of insurance coverage (very important to 66%), then followed by profitability of the company (very important to 58%):

**KEY CONSIDERATIONS IN DETERMINING PATTERN OF INSURANCE COVERAGE.**

| | Very Important % | Only Somewhat Important % | Not Important At All % | Not Sure % |
|---|---|---|---|---|
| Price of insurance coverage | 74 | 20 | 6 | — |
| Availability of insurance coverage | 66 | 15 | 19 | — |
| Profitability of the company | 58 | 19 | 21 | 2 |
| Stability of cash flow | 49 | 20 | 29 | 2 |
| Loss experience of your company | 47 | 24 | 27 | 2 |
| Size and location of physical assets of company | 41 | 28 | 28 | 3 |
| Tax treatment of uninsured losses | 28 | 24 | 44 | 4 |
| Availability of premium financing | 23 | 24 | 52 | 1 |
| Inability to deduct self-insurance reserves for tax purposes | 21 | 21 | 50 | 8 |
| Conditions in capital markets | 20 | 21 | 55 | 4 |
| Conditions in credit markets | 19 | 23 | 54 | 4 |

**OBSERVATION: Basically, most businessmen are highly pragmatic about insurance coverage. If the price for the coverage is right, if enough coverage is available, and if the company's bottom line can stand it, then they will buy. At best, it is a relative process. Certainly there is little here in the way of calculated assessments, as witness that less than a majority say "loss experience of your company" is a very important consideration.**

## 2. A PLURALISTIC MARKETPLACE.

### (a) HOW MANY INSURANCE COMPANIES AND AGENTS/BROKERS A COMPANY DEALS WITH.

The average business in the United States, as reflected in this survey, used 1.6 insurance companies to provide its coverage. This rises to 2.1 companies with the larger businesses:

In the case of brokers, however, the tendency is to use just over one, the median coming out at 1.1, with 64% reporting use of one agent or broker and another 12% none. Thus, just under 1 in 4 companies make use of more than one agent or broker.

## NUMBER OF INSURANCE COMPANIES DEAL WITH

| | Total Business % |
|---|---|
| None | 2 |
| 1 | 41 |
| 2 | 19 |
| 3 | 11 |
| 4 | 6 |
| 5 | 3 |
| 6 | 3 |
| 7-10 | 3 |
| 11-15 | * |
| Over 15 | 1 |
| Don't know, rely on agent/broker (vol.) | 8 |
| Not sure | 3 |
| Median | 1.6 |

## MEDIAN NUMBER OF INSURANCE COMPANIES DEAL WITH

| | |
|---|---|
| **Total Business** | **1.6** |
| **Sales Volume** | |
| Small | 1.5 |
| Medium | 1.7 |
| Large | 2.1 |

## NUMBER OF AGENTS/BROKERS DEAL WITH

| | Total Business % |
|---|---|
| None | 12 |
| 1 | 64 |
| 2 | 15 |
| 3 | 5 |
| 4 | 2 |
| 5 | 1 |
| 6 | * |
| 7-10 | * |
| 11-15 | — |
| Over 15 | * |
| Don't know, rely on agent/broker (vol.) | * |
| Not sure | 1 |
| Median | 1.1 |

### (b) WHY BUSINESSMEN USE MORE THAN ONE INSURANCE COMPANY.

The reasons for using more than one insurance company focus heavily on the availability of coverage from one company. A substantial 67% report that the fact that "insurance companies differ in their ability to provide services on different kinds of coverage" is the major reason for using more than one company. Another, tied closely to the first, is that, "you just can't obtain all the different types of insurance from one company," cited by 62% as a major reason for using more than one company. Not more than 33% say that "money can be saved by placing business with more than one company" is a key reason.

**REASONS USE MORE THAN ONE INSURANCE COMPANY.**
**(Base: Use more than one company = 57%)**

| | Major Reason % | Minor Reason % | Not Reason At All % | Not Sure % |
|---|---|---|---|---|
| Insurance companies differ in their ability to provide services on different kinds of coverage | 67 | 14 | 18 | 1 |
| You just can't obtain all the different types of insurance from one company | 62 | 9 | 27 | 2 |
| You deal with more than one agent or broker | 31 | 13 | 55 | 1 |
| Money can be saved by placing business with more than one company | 33 | 13 | 52 | 2 |
| You need to do a good turn for different companies who have done one for you | 9 | 10 | 80 | 1 |
| You purchased insurance on the basis of reciprocity, public relations, or good will | 8 | 14 | 76 | 2 |
| Your company has exposures in different regions of the country and different insurance companies can better service you in these locations | 12 | 5 | 82 | 1 |

### (c) WHY BUSINESSMEN CHOSE TO USE ONLY ONE INSURANCE COMPANY.

The reasons for using one company also focus on service and coverage. Among the 41% who use only one insurance company, a solid 89% feel that both "one company can adequately meet all your needs" and "you can obtain more adequate services" are major reasons for using just that one. In addition, another 77% believe that "you can reduce the problem of coverage overlaps and gaps" is a major reason, and 70% that "with one company, you have better leverage in such areas as policy interpretation and premiums." Finally, 51% give as a major reason, "you can obtain a more attractive premium financing arrangement."

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## REASONS USE ONLY ONE INSURANCE COMPANY.
(Base: Use only one insurance company = 41%)

| | Major Reason % | Minor Reason % | Not A Reason At All % | Not Sure % |
|---|---|---|---|---|
| One company can adequately meet all your needs | 89 | 8 | 3 | * |
| You can obtain more adequate services | 89 | 6 | 4 | 1 |
| You can reduce the problem of coverage overlaps and gaps | 77 | 14 | 8 | 1 |
| With one company, you have better leverage in such areas as policy interpretation and premiums | 70 | 16 | 13 | 1 |
| You can obtain a more attractive premium financing arrangement | 51 | 19 | 28 | 2 |
| A top executive has his own personal insurance with the company | 13 | 9 | 75 | 3 |

**OBSERVATION: The key in the selection of one or more insurance companies clearly does not reveal price as the primary determinant, but rather availability of satisfactory coverage. Those businessmen who are convinced that a single company can provide all the coverage they need can quickly find arguments to buttress their decision, mainly in the area of better coverage and better servicing. On the other hand, those with more than one company argue that more than one company guarantees them the breadth of coverage one company cannot provide. Clearly, the key is in the eyes of the beholder: if one company can convince a businessman that it can do the entire job, he will buy the notion of better coverage. But, if that company appears not to be capable of providing all the coverage desired, then the businessman will turn to multiple sources.**

### (d) WHY DECISION-MAKERS USE ONLY ONE AGENT/BROKER.

In the case of the majority of 64% who use only one agent or broker, a substantial 88% justify this practice by citing as a major reason that "greater attention is given to your insurance needs with just one agent or broker." As other major reasons for using a single source, 86% report that "relations are simpler and more convenient" and 83% believe "using one agent or broker reduces the problem of overlaps and gaps in coverage."

### REASONS USE ONLY ONE AGENT/BROKER.
(Base: Use only one agent/broker = 64%)

| | Major Reason % | Minor Reason % | Not A Reason At All % | Not Sure % |
|---|---|---|---|---|
| Greater attention is given to your insurance needs with just one agent/broker | 88 | 6 | 4 | 2 |
| Having relations with one agent/broker is simpler and more convenient | 86 | 11 | 3 | * |
| Using one agent/broker reduces the problem of overlaps and gaps in coverage | 83 | 12 | 4 | 1 |
| A top executive purchases his personal insurance from this agent/broker | 10 | 11 | 78 | 1 |
| Insurance is purchased on the basis of doing one good turn for another | 9 | 13 | 76 | 2 |

### (e) WHY THEY USE MORE THAN ONE AGENT OR BROKER.

In the case of those who use more than one agent or broker, quite a different set of reasons prevails.

Those taking a multiple approach to the agent and broker retention question believe that "agents and brokers differ significantly in their ability to provide the services associated with different types of insurance coverage," cited by 72% as a major reason for using more than one agent/broker; and "agents and brokers differ in their knowledge of the market and their ability to satisfy needs in different types of insurance" cited by 67% as a major reason.

### REASONS FOR USING MORE THAN ONE AGENT/BROKER.
(Base: Use more than one agent/broker = 24%)

| | Major Reason % | Minor Reason % | Not A Reason At All % | Not Sure % |
|---|---|---|---|---|
| Agents/brokers differ significantly in their ability to provide the services associated with different types of insurance coverage | 72 | 12 | 15 | 1 |
| Agents/brokers differ in their knowledge of the market and their ability to satisfy needs in different types of insurance | 67 | 16 | 16 | 1 |
| Your company is interested in being insured by specific companies for specific needs and cannot find one agent/broker that can place all your business | 41 | 22 | 37 | — |
| You can save money placing all your insurance through more than one agent/broker | 25 | 22 | 50 | 3 |
| Your company has exposures in various regions of the country and it is more advantageous to use different agents/brokers in different regions | 13 | 7 | 80 | * |
| You purchased insurance on the basis of reciprocity, public relations, or good will | 11 | 18 | 69 | 2 |
| You need to use different agents/brokers to do them a good turn in return for one they did for you | 9 | 18 | 70 | 3 |

**OBSERVATION: The big division between businesses which use one broker or agent and those using more than one obviously rests on confidence in an attentive generalist (sole source) and a sense that brokers and agents tend to have specializations and therefore their relative strengths ought to be capitalized on. Clearly, since roughly three times as many rely on a sole agent or broker, the generalist argument carries the day.**

## 3. PERCEIVED DIFFERENCES BETWEEN COMPANIES

### (a) ONE REASON FOR "SHOPPING AROUND" IS THE PERCEIVED DIFFERENCES IN COST AND SERVICE AMONG INSURANCE COMPANIES.

Despite a tendency on the part of businessmen to depend on one agent or broker and certainly no more than two insurance companies, nevertheless a solid majority of 67% think it is best to look over more than one source or shop around. The major reasons being that — by 49-45% — they see a real difference in price among companies. And, while bigger companies tend to be more aware of price differences, businessmen are even more marked in their perceptions of differences in service.

**SOLE SOURCE VS. MORE THAN ONE, WHEN BUYING INSURANCE**

| | Total Business % | Sales Volume<br>Small % | Medium % | Large % |
|---|---|---|---|---|
| One agent or company | 31 | 33 | 29 | 19 |
| More than one | 67 | 65 | 69 | 79 |
| Not sure | 2 | 2 | 2 | 2 |

**PERCEIVED DIFFERENCES IN PRICE DEPENDING ON AGENT OR INSURANCE COMPANY**

| | Total Business % | Sales Volume<br>Small % | Medium % | Large % |
|---|---|---|---|---|
| Real differences | 49 | 49 | 45 | 64 |
| No real differences | 45 | 46 | 49 | 30 |
| Not sure | 6 | 5 | 6 | 6 |

**PERCEIVED DIFFERENCES IN SERVICE DEPENDING ON AGENT OR INSURANCE COMPANY**

| | Total Business % | Sales Volume<br>Small % | Medium % | Large % |
|---|---|---|---|---|
| Real differences | 66 | 66 | 65 | 71 |
| No real differences | 27 | 27 | 30 | 21 |
| Not sure | 7 | 7 | 5 | 8 |

### (b) WHETHER YOU NEED TO PAY MORE TO OBTAIN BETTER SERVICES.

The notion that "you get what you pay for" is not the prevailing view among business purchasers of insurance. A thumping 74% do not agree with the view that "you need to pay more to obtain better quantity and quality of insurance-related services."

**NEED TO PAY MORE TO OBTAIN BETTER QUANTITY AND QUALITY OF INSURANCE-RELATED SERVICES**
**(Base: See real differences in companies and agents/brokers = 37%)**

| | Total Business % | Sales Volume Small % | Sales Volume Medium % | Sales Volume Large % | Full-Time Insurance Department % |
|---|---|---|---|---|---|
| Have to pay more | 22 | 21 | 23 | 25 | 25 |
| Don't have to pay more | 74 | 75 | 72 | 74 | 72 |
| Not sure | 4 | 4 | 5 | 1 | 3 |

## 4. WHAT IT WOULD TAKE FOR BUSINESSMEN TO CHANGE BROKERS/AGENTS OR INSURANCE COMPANIES

### (a) HOW MUCH OF A REDUCED PREMIUM A COMPANY WOULD NEED TO HAVE BEFORE IT WOULD CHANGE AGENTS OR INSURANCE COMPANIES.

Each businessman surveyed was asked what percentage change downward in the price of his premiums would he have to be offered in order to change the agent or broker or insurance company. The median amount of price cut needed would be 13.4%, substantial by any measure.

**PERCENTAGE OF PREMIUM REDUCTION NEEDED TO CHANGE CURRENT AGENT OR INSURANCE COMPANY**

| | Median Percent Change % |
|---|---|
| **Total Business** | **13.4** |
| **Sales Volume** | |
| Small | 13.9 |
| Medium | 12.8 |
| Large | 12.8 |
| Full-time insurance department | 15.2 |

### (b) PROBLEMS FORESEEN IN CHANGING AGENT OR COMPANY BY THOSE WHO WOULD CHANGE

The vast majority who would change if the price were right were asked about a roster of problems which might arise if they contemplated just such a move.

Three major sources of skepticism suggest that even at a 13% change in price it may take more than simply price to force a change:

—58% feel a major problem would be that "the new agent or insurance company would have to be educated in the intricacies of the company."

—An equally high 58% are wary that "the attractiveness of the premium in the first year may be solely due to efforts to secure your business."

—And 48% see a real inconvenience in changing agents or companies.

**REASONS FOR NOT CHANGING AGENT OR COMPANY UNTIL PREMIUM REDUCTION IS REACHED.**
**(Base: Would change at specific premium reduction = 74%)**

| | Very Important % | Only Somewhat Important % | Not At All Important % | Not Sure % |
|---|---|---|---|---|
| The new agent or insurance company would have to be educated to the intricacies of the company | 58 | 26 | 16 | — |
| Attractiveness of premium in the first year may be solely due to efforts to secure your business | 58 | 23 | 15 | 4 |
| It is inconvenient to change agents or insurance companies | 48 | 29 | 23 | — |
| You have a sense of loyalty to your present agent or insurance company | 37 | 35 | 28 | — |
| To change would mean losing leverage with your present agent or insurance company | 33 | 26 | 40 | 1 |
| Doing one good turn for another is a preferred way to a strictly arms-length business relationship | 11 | 16 | 68 | 5 |

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**OBSERVATION: It is evident from these results that service and adequate coverage come close to being the name of the game, although obviously businessmen would like to obtain these key elements in their insurance along with a price benefit. But selling on price alone is not likely to make the difference. Longstanding relationships have been developed, and upsetting them could cause large-scale uncertainties and even deteriorating service and coverage.**

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### (c) WHETHER GETTING THE BETTER AGENT/BROKER OR BETTER COMPANY IS GREATER CONCERN

When asked to make a choice between "getting the best broker or agent" on the one hand, or "the best insurance company" on the other, by a narrow margin the agent or broker emerged as more important:

The lead of the agent or broker, however, is selective. In medium-sized companies, the agent or broker obviously dominates the scene. With the smaller company, it is a stand-off between the agent/broker and the company.

But with larger companies, the insurance company comes back and is actually thought to be more important.

**MORE CONCERNED WITH GETTING BEST AGENT OR BEST COMPANY?**

| | Total Business % | Sales Volume<br>Small % | <br>Medium % | <br>Large % |
|---|---|---|---|---|
| Best agent/broker | 42 | 39 | 46 | 31 |
| Best company | 33 | 39 | 25 | 38 |
| If get best agent, will get best company (vol.) | 9 | 8 | 11 | 12 |
| Best of both (vol.) | 15 | 13 | 16 | 19 |
| Not sure | 1 | 1 | 2 | * |

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**OBSERVATION: Clearly, both the agent or broker and the insurance company figure as important elements. While some agents and brokers can virtually dictate the company whose insurance will be utilized, almost as many cases can be found with just the reverse situations. It is safe to assume that neither the agent or broker nor the company holds a general dominance in the marketplace.**

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### 5. THE KEYS TO A SATISFACTORY AGENT/BROKER RELATIONSHIP.

#### (a) KEY ELEMENTS IN A GOOD RELATIONSHIP

When asked what were the key elements in building a good relationship with their agent or broker, 96% of the businessmen cited "obtaining adequate coverage" as critical, followed closely behind by 91% who singled out "assistance in obtaining claim payment from the insurance company," 89% who see real value in his "assistance in objectively assessing your insurance needs" and 80% who believe his worth is in "keeping you abreast of changes in the insurance market that may affect your program." Three other important tasks for the agent or broker are "assistance in understanding the different bids received" (cited by 64% as very important), "explaining and analyzing the financial implications of different premium and rating schemes and premium financing arrangements" (given top importance by 57%), and "assistance in putting in and maintaining loss prevention activities" (cited by 51%).

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### IMPORTANCE OF SERVICES RECEIVED FROM PRIMARY AGENT/BROKER.

| | Very Important % | Only Somewhat Important % | Not At All Important % | Not Sure % |
|---|---|---|---|---|
| Obtaining adequate coverage | 96 | 3 | 1 | * |
| Assistance in obtaining claim payment from the insurance company | 91 | 6 | 3 | * |
| Assistance in objectively assessing your insurance needs | 89 | 10 | 1 | * |
| Keeping you abreast of changes in the insurance market that may affect your program | 80 | 14 | 5 | 1 |
| Assistance in understanding the different bids received | 64 | 19 | 16 | 1 |
| Explaining and analyzing the financial implications of different premium and rating schemes and premium financing arrangements | 57 | 22 | 19 | 2 |
| Assistance in putting in and maintaining loss prevention activities | 51 | 30 | 19 | — |
| Providing an analysis of past loss experience | 44 | 28 | 27 | 1 |
| Assistance in selling the insurance program to top management | 20 | 17 | 62 | 1 |

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**OBSERVATION: It is apparent that agents and brokers cover a wide front in their useful services to business. What comes through loud and clear is that they are not specialists but rather are better informed generalists who can cover many different bases. In fact, the strength of the agent or broker obviously is in his versatility rather than his capacity to perform any one function uniquely.**

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#### (b) AGENT/BROKER FUNCTIONS ARE EVALUATED BY BUSINESSMEN.

Again, the ability to obtain coverage emerges as the area of highest competence among agents and brokers, in the eyes of the business decision-makers, who give them an excellent rating of 63% in this pivotal area. The other end of the spectrum — assistance in obtaining claim payments from the insurance company — is also rated well at 58% excellent. This is followed by assistance in objectively assessing your insurance needs, rated excellent by 56%. Finally, a majority of 54% rate agents excellent in "over-all handling of your needs."

### RATING OF PRIMARY AGENT'S/BROKER'S SPECIFIC PERFORMANCE.

| | Rated Excellent % |
|---|---|
| Obtaining coverage in the insurance market | 63 |
| Assistance in obtaining claim payment from the insurance company | 58 |
| Assistance in objectively assessing your insurance needs | 56 |
| Overall handling of your needs | 54 |
| Keeping you abreast of changes in the insurance market that may affect your program | 47 |
| Explaining and analyzing the financial implications of alternative premium and rating schemes and premium financing arrangements | 40 |
| Assistance in the bidding process | 39 |
| Providing an analysis of past loss experience | 38 |
| Assistance in selling the insurance program to top management | 34 |
| Assistance in instituting and maintaining loss prevention activities | 34 |

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**OBSERVATION: Once again, the key role of the agent or broker in helping the business assess its initial needs for insurance, then in obtaining proper and full coverage (presumably at a price), and finally assisting in obtaining claim payments from the insurance company (presumably satisfactory settlements) emerges as the usefulness of the agent or broker. In fact, of course, this puts the broker or agent in the role of being in on the conception, the placing, and the collection ends of the business, a rather complete function to say the least.**

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### (c) SHOULD THE AGENT/BROKER WHO DOES A NEEDS ANALYSIS GET THAT COMPANY'S BUSINESS?

A question might arise, of course, over whether or not an agent or broker who is involved in determining the needs of a company is not simply rationalizing his findings to what will be optimal in terms of new business for the agent or the company he has in mind. Yet, by a relatively narrow margin, 47-37%, most businessmen do allow the agent or broker who does a needs study to also bid on his insurance business:

It is significant that the relatively more sophisticated larger companies see the least conflict in the role of the agent or broker in assessing needs and then in finally bidding to get the business himself.

**ARE AGENTS/BROKERS WHO DO A NEEDS ANALYSIS ALLOWED TO BID FOR YOUR BUSINESS?**

| | Total Business % | Sales Volume Small % | Medium % | Large % |
|---|---|---|---|---|
| Allowed | 47 | 43 | 50 | 55 |
| Not allowed | 37 | 39 | 37 | 33 |
| Not applicable (vol.) | 13 | 15 | 11 | 7 |
| Not sure | 3 | 3 | 2 | 5 |

### (d) WHETHER THE FEE-FOR-SERVICES PLAN WOULD RESOLVE POTENTIAL CONFLICT OF INTEREST.

However, one idea which might be aborning is that of reducing the possible conflict of interest by changing agent and broker compensation for a fee-for-service-rendered, favored by 43-32%, although it is opposed by the bigger companies.

**WOULD POTENTIAL CONFLICT OF INTEREST BE RESOLVED IF AGENTS WERE COMPENSATED ON A FEE-FOR-SERVICE BASIS?**

| | Total Business % | Sales Volume Small % | Medium % | Large % | Full-Time Insurance Department % |
|---|---|---|---|---|---|
| Would be reduced | 43 | 47 | 35 | 43 | 32 |
| Would not be reduced | 32 | 29 | 36 | 38 | 52 |
| No conflict really exists (vol.) | 13 | 14 | 12 | 5 | 9 |
| Not sure | 12 | 10 | 17 | 14 | 7 |

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**OBSERVATION: All in all, there is a good deal of satisfaction and even more dependence on the agents and brokers most companies utilize. When asked about it, the direct-writing companies were not able to muster as much as 10% of the companies who felt they could get better service by by-passing the agent or broker system. Thus, it is fair to conclude that the agent/broker system is well established with American business, provided, of course, delivery of services is good.**

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## 6. THE ROLE OF INSURANCE COMPANIES.

### (a) WHAT BUSINESSMEN LOOK FOR IN AN INSURANCE COMPANY.

Four key elements stand out in selecting an insurance company, in the judgment of the business decision-makers:

—88% feel it is "very important" that the insurance company's attitude toward claims adjustments is compatible with company interests. This reason, at the top of the list, of course reflects the nervousness of businessmen and also reinforces the previously stated importance of agents or brokers fighting for the company in collecting on claims.

—70% believe it "very important" that the insurance company used has the "capacity to handle all of your insurance needs." This complete coverage capability is a vital and indispensible ingredient to getting this business.

—68% feel it "very important" that the insurance company be fair and even sympathetic in impacting claims payments on the premiums the company pays.

—63% feel the "willingness and ability of the underwriter to tailor coverage or modify standardized policies to meet your individual needs" is very important in the selection of a company. This reason, of course, fortifies and spells out further what the businessmen mean by fullness of coverage on insurance needs.

Here is the full roster of elements in their importance in the selection of an insurance company:

**IMPORTANCE OF KEY ELEMENTS IN CHOOSING AN INSURANCE COMPANY.**

| | Total Business % | Sales Volume Small % | Medium % | Large % |
|---|---|---|---|---|
| **The insurance company's attitude toward claims adjusting** | | | | |
| Very important | 88 | 89 | 88 | 81 |
| Only somewhat important | 6 | 4 | 6 | 15 |
| Not important at all | 4 | 4 | 4 | 2 |
| Not sure | 2 | 3 | 2 | 2 |
| **The capacity of the insurance company to handle all your insurance needs** | | | | |
| Very important | 70 | 73 | 64 | 66 |
| Only somewhat important | 18 | 16 | 20 | 26 |
| Not important at all | 11 | 10 | 14 | 7 |
| Not sure | 1 | 1 | 2 | 1 |
| **The impact of your claims experience on the premiums you pay** | | | | |
| Very important | 68 | 70 | 65 | 71 |
| Only somewhat important | 18 | 16 | 17 | 20 |
| Not important at all | 10 | 9 | 13 | 7 |
| Not sure | 4 | 5 | 5 | 2 |
| **The willingness and ability of the underwriter to tailor coverage or modify standardized policies to meet your individual needs** | | | | |
| Very important | 63 | 64 | 62 | 67 |
| Only somewhat important | 20 | 21 | 20 | 20 |
| Not important at all | 13 | 11 | 15 | 13 |
| Not sure | 4 | 4 | 3 | — |
| **Providing you with accurate and timely loss experience information** | | | | |
| Very important | 49 | 48 | 49 | 55 |
| Only somewhat important | 29 | 32 | 25 | 30 |
| Not important at all | 20 | 18 | 23 | 13 |
| Not sure | 2 | 2 | 3 | 2 |

|  |  |  |  |  |
|---|---|---|---|---|
| **Familiarity with the insurance company** |  |  |  |  |
| Very important | 43 | 43 | 44 | 34 |
| Only somewhat important | 33 | 34 | 29 | 44 |
| Not important at all | 22 | 21 | 24 | 22 |
| Not sure | 2 | 2 | 3 | * |
| **The insurance company's ability to assist you in setting up loss prevention programs** |  |  |  |  |
| Very important | 38 | 36 | 40 | 46 |
| Only somewhat important | 35 | 38 | 32 | 29 |
| Not important at all | 25 | 24 | 25 | 24 |
| Not sure | 2 | 2 | 3 | 1 |
| **Assisting you in developing and servicing the self-insured portions of your program** |  |  |  |  |
| Very important | 31 | 32 | 31 | 28 |
| Only somewhat important | 24 | 25 | 21 | 24 |
| Not important at all | 39 | 37 | 42 | 45 |
| Not sure | 6 | 6 | 6 | 3 |
| **The availability of favorable premium financing arrangements** |  |  |  |  |
| Very important | 30 | 37 | 22 | 20 |
| Only somewhat important | 26 | 25 | 27 | 16 |
| Not important at all | 43 | 37 | 47 | 63 |
| Not sure | 1 | 1 | 4 | 1 |
| **The profitability of the insurance company** |  |  |  |  |
| Very important | 29 | 29 | 28 | 33 |
| Only somewhat important | 30 | 30 | 30 | 32 |
| Not important at all | 37 | 38 | 38 | 34 |
| Not sure | 4 | 3 | 4 | 1 |

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**OBSERVATION: Coverage, payment on claims, and protection against rate escalation are the real keys to the selection of an insurance company. While expecting to be treated at arms length, nonetheless businessmen hope that the companies will be sympathetic and even bending in understanding their problems.**

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### (b) HOW INSURANCE COMPANIES DIFFER ON THESE KEY CRITERIA

When asked if there are differences between insurance companies on the four key elements, more see differences on "the insurance company's attitude toward claims adjusting" than on any other (seen to precipitate differences by 65% of those who felt it was important); followed by "the capacity of the insurance company to handle all your insurance needs" on which 56% of the importance-raters see differences between companies. "The willingness and ability of the underwriter to tailor or modify standardized policies to meet your individual needs" is believed by 51% of importance-raters to be a differentiator between companies. "The impact of your claims experience on the premiums you pay" is viewed as a source of differences between companies by a lesser 47% of the businessmen who rated that as important:

## DIFFERENCES BETWEEN INSURANCE COMPANIES ON KEY ELEMENTS
(Base: Element is "very" or "somewhat important")

| | Total Business | Sales Volume | | |
|---|---|---|---|---|
| | | Small | Medium | Large |
| | % | % | % | % |
| **The insurance company's attitude toward claims adjusting** | | | | |
| About the same | 28 | 27 | 31 | 20 |
| Real differences | 64 | 62 | 62 | 73 |
| Not sure | 8 | 11 | 7 | 7 |
| **The capacity of the insurance company to handle all your insurance needs** | | | | |
| About the same | 37 | 39 | 39 | 26 |
| Real differences | 56 | 52 | 56 | 66 |
| Not sure | 7 | 9 | 5 | 8 |
| **The impact of your claims experience on the premiums you pay** | | | | |
| About the same | 44 | 45 | 47 | 43 |
| Real differences | 47 | 45 | 46 | 51 |
| Not sure | 9 | 10 | 7 | 6 |
| **The willingness and ability of the underwriter to tailor coverage or modify standardized policies to meet your individual needs** | | | | |
| About the same | 42 | 43 | 45 | 26 |
| Real differences | 51 | 49 | 48 | 67 |
| Not sure | 7 | 8 | 7 | 7 |
| **Providing you with accurate and timely loss experience information** | | | | |
| About the same | 50 | 51 | 53 | 35 |
| Real differences | 40 | 38 | 38 | 54 |
| Not sure | 10 | 11 | 9 | 11 |
| **Familiarity with the insurance company** | | | | |
| About the same | 37 | 38 | 39 | 32 |
| Real differences | 48 | 45 | 49 | 55 |
| Not sure | 15 | 17 | 12 | 13 |
| **The insurance company's ability to assist you in setting up loss prevention programs** | | | | |
| About the same | 43 | 44 | 45 | 30 |
| Real differences | 46 | 42 | 45 | 58 |
| Not sure | 11 | 14 | 10 | 12 |
| **Assisting you in developing and servicing the self-insured portions of your program** | | | | |
| About the same | 49 | 48 | 53 | 36 |
| Real differences | 41 | 40 | 39 | 53 |
| Not sure | 10 | 12 | 8 | 11 |
| **The availability of favorable premium financing arrangements** | | | | |
| About the same | 47 | 44 | 52 | 45 |
| Real differences | 42 | 44 | 38 | 44 |
| Not sure | 11 | 12 | 10 | 11 |
| **The profitability of the insurance company** | | | | |
| About the same | 34 | 33 | 37 | 26 |
| Real differences | 56 | 56 | 51 | 67 |
| Not sure | 10 | 11 | 12 | 7 |

### (c) WHY BUSINESSMEN MIGHT WANT TO CHANGE THEIR INSURANCE COMPANIES

When asked why they might change their insurance companies, the four elements which dominate the rest are: "general dissatisfaction with the services being provided by the present insurance company," given as a major reason by 85%; "cancellation of coverage," cited by 85% as a major reason; followed by "deterioration of claims service," mentioned by 83% as key; and "general dissatisfaction with the services being provided by the present agent or broker" (79%):

**REASONS MIGHT CHANGE INSURANCE COMPANIES**

| | Major Reason % | Minor Reason % | Not A Reason At All % | Not Sure % |
|---|---|---|---|---|
| General dissatisfaction with the services being provided by the present insurance company | 85 | 6 | 7 | 2 |
| Cancellation of coverage | 85 | 3 | 10 | 2 |
| Deterioration of claims service | 83 | 5 | 10 | 2 |
| General dissatisfaction with the services being provided by the present agent/broker | 79 | 10 | 10 | 1 |
| Wanting additional coverage which was not obtainable from the present insurance company | 59 | 18 | 21 | 2 |
| Premium increases | 55 | 31 | 12 | 2 |
| Influence of advertising | 2 | 22 | 74 | 2 |

### (d) EXPERIENCE IN SETTLING INSURANCE CLAIMS

Above all, most businessmen want their claims settled without disruption of their normal business operations, want them settled promptly, want the company to come to their assistance quickly, be willing to go to bat for them against another insurance company, to be certain the limitations on claims are reasonable, that the adjusters sent by the insurance company are reasonable, that the settlements are within the ranges expected by the company, that the efforts on the part of the insurance company will be to save them money by salvaging damaged property and rehabilitating injured employees, and that they have been informed sufficiently in advance of limitations on claims.

### STATEMENTS ABOUT EXPERIENCE IN SETTLING INSURANCE COMPANY CLAIMS.

| | Agree % | Disagree % | Not Sure % |
|---|---|---|---|
| When an insurance company adjusts claims on our behalf, they do not disrupt our business more than necessary | 92 | 2 | 6 |
| The insurance company generally settles claims in a reasonable period of time | 81 | 14 | 5 |
| If it is possible to prevent certain claims against our company, our insurance company is quick to assist us | 77 | 6 | 17 |
| Any of our agents or insurance companies is generally willing to go to bat for us against another insurance company | 77 | 12 | 11 |
| Insurance company limitations on what we can recover, as written into the insurance contract, are reasonable | 77 | 14 | 9 |
| Insurance company adjusters are competent | 72 | 14 | 14 |
| The insurance company's offer of a claim settlement is generally in accord with our expectations | 70 | 22 | 8 |
| When handling liability claims, the insurance company generally settles the claim in accordance with our desires | 68 | 17 | 15 |
| We feel the insurance company's efforts to save us money by salvaging damaged property and rehabilitating injured employees are reasonable | 64 | 9 | 27 |
| The insurance contract sufficiently discloses limitation on recovery, so we have not been surprised when a claim has not been covered fully | 62 | 27 | 11 |
| We are reluctant to submit some claims because the insurance company will cancel or refuse to renew our contracts | 22 | 73 | 5 |
| The insurance company's philosophy toward claims seems to be inconsistent, varying arbitrarily over time | 21 | 66 | 13 |

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**OBSERVATION: Basically, these businessmen are not looking for special favors or privileged treatment, but rather for a smooth-running and equitable claim system in operation. They are willing to live with some slight understatements on claims provided the claim settlements are within parameters they have counted on. Above all, they do not want "surprises."**

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### (e) EXPERIENCE WITH CLAIMS NOT BEING COVERED.

In the case of 38% of the businesses surveyed, they have been "surprised" to find their claim was *not* covered due to a limitation in the insurance contract.

### EXPERIENCE IN THINKING A CLAIM WAS COVERED, BUT DUE TO LIMITATION, WAS NOT.

| | Total Business % |
|---|---|
| Surprised to find was not covered | 38 |
| Not happened | 61 |
| Not sure | 1 |

### (f) ARE CLEARER, SIMPLER COMMERCIAL POLICIES NEEDED?

One way to obviate such "surprises" and to help what earlier on was clearly a real communications gap on loss prevention programs between insurance companies and the businesses they service is to make the commercial policies much clearer in their wording and the way they are explained.

| | Total Business % |
|---|---|
| Simpler policies needed | 66 |
| Present policies acceptable | 31 |
| Not sure | 3 |

**OBSERVATION: Not only are clearer policies needed in the commercial area, but much more in the way of "early warnings" on impending changes that can substantially alter and significantly change the financial obligations of companies in the insurance area. This should receive a high priority from insurance companies and their agents and brokers.**

### (g) SATISFACTION WITH CURRENT CARRIER

However, as in the case of the agents and brokers, there is currently a good deal of satisfaction on the part of businessmen with the companies they deal with in the insurance field. All in all, by close to 9 to 1, no changes are contemplated.

### IS COMPANY CONSIDERING DROPPING CARRIER?

| | Total Business % |
|---|---|
| Considering dropping carrier | 10 |
| Not considering dropping carrier | 88 |
| Not sure | 2 |

**OBSERVATION:** Although it might appear from this last result that all is well between those companies insured and their insurance carriers, the fact of the matter is that the biggest changes and easily the most unsettling elements in this industry clearly stem from the demands of the outside world on the arrangements that are already in force in insurance. These changes stemming from the quality of life demands of the public, and reflected in public legislation and regulation, are likely to grow apace, especially as the economy comes out of the recession. With them, both the companies insured and their insurance companies and agents and brokers all are going to have to do a much better job of information and proposed action, or will find their best customers upset and alarmed over developments they did not expect. This is an early warning that can be ignored only at the peril of the insurance industry in this country.

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# TECHNICAL DATA
# APPENDIX

**Sample Design:** The national sample of businesses surveyed in this study was designed to be a representative cross-section of the major categories of American business, which were deemed relevant to a study of insurance needs. These six major categories were: contracting; manufacturing (light and heavy); transportation; communications and small utilities; wholesale trade; retail trade; and services.

The survey was limited to those companies with 10 or more employees, as it was felt that most owners of companies with fewer than 10 employees would not be able to articulate their insurance needs in the areas important for this study.

The sample of actual companies surveyed was selected from a nationally known reference service's data file which currently contains more than three million American companies. In using this data file the employee size cutoff (10) and the specific industry codes (SIC) to be included were controlled. The specific industry codes within each of the six major categories were randomly selected in proportion to their actual representation in the business world. Large companies were over-sampled (the number of large companies was disproportionately larger than actually exists in the business world) so that The Wharton School would be able to develop an accurate casual model. The final weighted percentages, however, do reflect the true proportions of small, medium and larger companies in U.S. business today and these figures were used for the Harris analysis.

In essence, this particular sampling procedure was designed to produce a national cross-section which accurately reflects the different sizes of company types and industries included within the six major categories of the survey.

It should be understood, however, that this national sampling was a sample of businesses in the continental United States. Alaska and Hawaii were not represented.

**Questionnaire Development and Interviewing:** The survey questionnaire employed three basic types of questions: closed-end questions, in which respondents were asked to choose between specified options; open-end questions, in which people could express themselves in their own words; and projective questions, in which people were asked to agree or disagree with set propositions that are positively or negatively inclined. The projective questions generally stated a positive and then a negative concept in sequence in order not to load the series.

The final questionnaire was pretested not to develop preliminary substantive data, but rather to insure that the questions were clearly worded and would be easily understood by the spectrum of possible respondents, and that the flow of the questionnaire was not too long.

At each place or office of business, the owner of the company, or the officer in charge of the company's insurance needs, was interviewed in person. The actual names of the businessmen interviewed were drawn from the national reference service's data file of American businesses with final selection of the names being done in the Harris organization's New York office. These names were then assigned to executive interviewers, and at the same time a letter was sent to each selected business person asking him/her to sit for the interview. The executive interviewers then set up the interview at a time which was convenient to the respondent, and conducted the interview.

The average length of interview was approximately 1 hour and 22 minutes. When the completed interviews were received in New York, a sub-sample of 20% of the respondents was recontacted to verify that the interviews had actually been done.* Questionnaires were then edited and responses to open-ended (unstructured) questions coded in the New York office. The full questionnaire was then keypunched, verified and put on magnetic tape. Then, using the firm's computer and software program, the data was tabulated.

**Dimensions of Analysis:** The 1,143 companies surveyed in this study are analyzed both in total and by a number of key dimensions. One key dimension is industry category; the sample was drawn so that there would be sufficient numbers to analyze for each of the six major categories (at least 100 per category). Since the manufacturing category contained proportionately more companies with 10 or more employees than the remaining five categories, a larger number of this group were interviewed which made possible a finer breakdown of manufacturing type in the analysis (e.g. heavy manufacturing compared to light manufacturing).

Another important analytic dimension is size of company. The distinctions between small, medium and large sized companies were made on the basis of sales volume. In numbers the sample was comprised of 315 small companies (sales volume under $750,000), 440 medium-sized companies (sales volume under $5,000,000), and 301 large companies (sales volume over $5,000,000).

As mentioned previously, throughout the report the results are analyzed both in total and by several key subgroups. The following table defines these subgroups and shows the number of individuals in each subgroup and the weighted proportion of the sample it represents:

---

*The actual validation process works as follows:

Interviewers send the name, address and telephone number (if available) of respondents directly to the validation service from the field. In New York, Louis Harris and Associates makes up a list of five questions from the study which are given to the validation service. Approximately 20% of each interviewer's respondents, randomly chosen, are contacted by the validation service (generally by telephone, but by mail if necessary) and asked the questions. If there is any doubt about the authenticity of the interviewer's work, all of his interviews are carefully checked.

## DIMENSIONS OF ANALYSIS

| | Interviews No. | Unweighted Percentage % | Weighted Percentage % |
|---|---|---|---|
| **Total Business** | 1,143* | 100 | 100 |
| **Industry** | | | |
| Contracting | 146 | 13 | 13 |
| Total manufacturing | 290 | 25 | 23 |
| Light manufacturing | 126 | 11 | 10 |
| Heavy manufacturing | 164 | 14 | 13 |
| Transp., comm., utilities | 107 | 9 | 5 |
| Wholesale trade | 148 | 13 | 14 |
| Retail trade | 285 | 25 | 32 |
| Service | 167 | 15 | 13 |
| **Number of Employees** | | | |
| 11-19 | 207 | 18 | 50 |
| 20-99 | 505 | 44 | 42 |
| 100 and over | 431 | 38 | 8 |
| **Region**** | | | |
| East | 315 | 28 | 24 |
| Midwest | 322 | 28 | 29 |
| South | 287 | 25 | 26 |
| West | 219 | 19 | 21 |
| **Sales Volume** | | | |
| Small (Under $750,000) | 315 | 28 | 51 |
| Medium ($750,000-$4,999,999) | 440 | 38 | 33 |
| Large $5,000,000 and over) | 301 | 26 | 9 |
| Full-time insurance department | 125 | 11 | 5 |

---

*Subgroup totals do not always add to 1,143 because of some non-response.

**East includes the following states: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and West Virginia.

Midwest includes the following states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

South includes the following states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and Virginia.

West includes the following states: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

[illegible]

# A PUBLIC OPINION SURVEY
# FOR
# THE NORTH CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
# ON
# THE EFFECT OF A MASS MEDIA CAMPAIGN TO PROMOTE USE OF CARPOOLING AND MASS TRANSIT

Conducted by the University of Florida
College of Journalism and Communication
Class in
Public Opinion Theory and Advertising
Robert Kendall, Ph.D.
Instructor and Survey Director

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Robert Kendall

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

CS205225

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# EXECUTIVE SUMMARY

People in Gainesville are aware of the energy crisis, and while they are divided over where to place the blame, they generally agree that carpooling and mass transit are desirable solutions. However, while people believe in these solutions to the energy problems they are not generally willing to act on those beliefs. The energy problems and possible solutions are an unresolved ambivalence in most people.

Opinions did change in response to a concerted media publicity campaign. Respondents reported sources of information correspond to the media emphasized by those placing the publicity.

By comparing findings from a survey prior to the media campaign with findings following the campaign, the survey found a measurable shift toward attitudes supporting carpooling and transit use. One exception to this attitude shift occurred in reference to leaving home 15 minutes earlier than usual to join a carpool.

A comparison of reported carpooling in the first and second surveys reveals a noteworthy increase from 15.23 per cent to 22.2 per cent an increase of nearly 7 per cent (6.97).

## OBJECTIVES

This study surveyed 155 Gainesville adults age 16 and older, to measure attitudes and behavior toward carpooling and mass transportation.

Specific objectives of the study were as follows:

1. Obtain opinions of the people of Gainesville about transportation.
2. Determine media patterns of information communicated concerning carpooling and bus system.
3. Test effectiveness of the North Central Florida Regional Planning Council's campaign to promote use of carpooling and bus system. (Conducted during the summer months of 1975).
4. Measure awareness and response to the Carpool Matching Plan proposed by the Regional Planning Council.
5. Identify demographic characteristics of bus users and carpoolers.

The population to be sampled was defined as all persons 16 years of age or older living within the residential areas found in the 1975 Gainesville city directory.

In-home interviews were conducted by students October 27 - November 7.

# INTRODUCTION

This survey has taken advantage of an opportunity to measure the effect of a media campaign. Prior to an extensive media campaign to promote carpooling and bus use, a survey measured existing attitudes: "A Study of Current Public Attitudes Toward the Concepts of Carpooling and Mass Transit Utilization in the Greater Gainesville, Florida Urban Area", for the North Central Florida Regional Planning Council.

The followup survey attempted to test the effectiveness of the media to promote campaign carpooling and transit use which the North Central Florida Regional Planning Council staged during the summer months of 1975. In addition the survey sought to obtain various opinions and attitudes on carpooling and the Regional Bus System.

Mr. Tom Jones, Director of the Carpool Matching Program of the North Central Florida Regional Planning Council represented the Planning Council and acted as liaison during the survey. The survey was conducted by a class of Public Opinion Theory and Advertising in the College of Journalism and Communication at the University of Florida. Survey director and course instructor was Dr. Robert Kendall.

The instructor divided the class into teams to carry out five specific tasks. Tasks included: questionnaire design, sample drawing, data tabulation, verification, and administration.

## PROCEDURE

A brief summary of each team's tasks and procedure is given below:

Questionnaire Drafting - The questionnaire development process began by assigning each student in the class to produce 15 possible survey questions. A questionnaire team filtered out the usable questions and drew up a tentative questionnaire. The committee then met with Tom Jones of the Regional Planning Council, and University of Florida marketing consultant Dr. Robert Boewadt, and the questionnaire was examined and discussed. With the aid of Dr. Kendall the questionnarie was completed and prepared for pilot distribution. The questionnaire was administered to two respondents by each of the 23 students in class in order to identify and correct problems in the questionnaire. One question was eliminated and final copies were duplicated and assigned ten to a packet for each interviewer. A copy of the questionnaire is attached as Appendix A.

Sample Drawing - Needing a sample large enough to provide a sufficiently accurate representation of the total population of the city, the team used a chart published in Survey Research[1] and selected a sample size of 196. A total of 196 should yield a sample that matches the population within a 7 per cent error 95 per cent of the time. To allow for refusals, no longer existing addresses, vacancies, etc., 15 per cent was added to the number giving a total of 230 projected sample size. At an estimated 35,000 total residences, a skip of interval of less than 150 would yield the desired smaple of 230. By placing a sharpened pencil on a table of randum numbers a skip interval number of 138 was determined. The same procedure yielded a start interval of 74. Thus, starting at number 74 and selecting every 138th address a list was compiled and recorded on cards.

Housing units were recorded on cards as they were selected and numbered to correspond with numbered flags on a map of the city. From the map geographic clusters of 10 each were put together and distributed with interviewer packets.

Data Tabulation - Responses from completed interviews were transferred from questionnaires to computer data sheets. The data sheets columns provided a check on accuracy of data.

Team members then entered data from tabulation sheets into the IBM System/370 Model 165 computer through a remote interactive terminal available for student training. Two programs were subsequently run using the data, a tabulation of responses, and a crosstabulation comparison of items determined from the initial tabulation run.

Verification - The verification team was responsible for checking the reliability of the interviews and providing evaluation for the interviewers. Team members selected questionnaires by choosing every seventh one in blocks of 10 questionnaires until a total of eight verification calls were completed. Using the telephone number on the questionnaire the person interviewed was recontacted and the interview confirmed and evaluated.

Administration - An administrative team handled details of coordinating the teams, sitting in on other team meetings, producing an interviewee selection chart, drafting the introductory remarks used by interviewers, and composing a credential letter with confirmation telephone numbers at the college and at the city police department. Finally the team compiled the team reports into a final survey report.

The following students carried out the many tasks necessary to the completion of this survey.

Susan Beck
David Bloom
Jo Harrill
Becky Martin
George Morton
Martin Onrot
Carol Patten
Pamela Pearlman
Thomas Quinn
Rip Radcliffe
Robert Steelman
Everett Stevens
Terry Thomas
Peter Van Note
John Wilcox
Benjamin Wolf
Pat Hurley
Carl Holzer
Herbert Wainwright
Sharon Patterson

# METHODOLOGY

This survey research sought two major goals, to discover answers to specific questions and to project answers from the sample population to the general population.

In this survey of carpool and mass transit use, researchers were interested in: 1) attitudes toward carpooling and the transit system; 2) patterns of use; 3) the effect of the mass media campaign to promote their use; 4) response to the carpool matching system; and 5) demographic characteristics of carpoolers and transit users.

The value of this specific information is, of course, minimal unless the information can be projected accurately upon the total population. That is, it might be interesting to discover that 21.9 per cent of those questioned have at one time participated in a carpool in Alachua County. But it would be more useful to know that 21.9 per cent of the population of the county have participated in a carpool at one time.

Whether the survey findings can be projected on the entire population depends on the method the survey employed to guarantee that the sample of people questioned will be an accurate representation of the total population. Several techniques were used to achieve this match of sample and population, all of them based on probability theory.

If a high degree of randomness previals, at each stage of the selection of interviewers, the sample of people questioned will be more likely to represent the total population and the findings can be said to apply to the whole. Accordingly, housing units and respondents within each unit were selected by a random procedure. Housing units were chosen from the 1975 Gainesville city directory beginning with a randomly selected starting number and [illegible] skip interval to insure all entries had an equal chance of selection. With housing units identified by address, interviewers were provided a respondent selection chart designed by Backstrom and Hursh[2] to insure randomness in this stage of sample selection. An example of this chart is attached as Appendix B.

The above procedure produced a sample of 155 interviews conducted by 2~~1~~0 students in a "Public Opinion Theory and Advertising" class. Approximately 10 interviews were conducted by each interviewer.

Business addresses as well as residence were included. Thus those commuting from outside the city would have a chance to be represented, though no identification of such individuals was provided in the questionnaire.

A non-success rate of 32.6 per cent was encountered in the interviews. Of 230 housing units selected, 155 produced interviews. This non-success figure would include empty, abandoned, demolished housing units as well as refusals to participate.

The following formula was used to indicate the level of probability that the sample of 155 represents the 70,103 population of Gainesville. The formula yielded a bound on error of from .02 to .08 at the 95th percentile.

$$2\sqrt{\frac{(p\,q)}{n-1}\;\frac{N-n}{N}}$$

The proportions in the sample vary from the population from .02 to .08 95 per cent of the time.

Once the answers were successfully coded, two-person teams typed the data into the computer. The SPSSG[3] program for tabulating frequencies and percentages of responses was selected and entered into the computer. The computer would then use the program to analyze the data.

Findings: According to the objectives set forth above survey results fall into these categories:

1. Opinions About Transportation:

(Questions numbered: 2, 3, 10, 11, 14, 25 & 26 are keyed to questionnaire in Appendix A).

#2 Attitudes toward the energy crisis in general reveal that 51.7 per cent believe it is a real problem, 29.9 per cent believe it was "brought on by the oil companies," and 18.3 per cent believe there is some other explanation. Of the 147 responses to this question each respondent chose only one alternative.

Perhaps the most significant indication from this response is in the lack of credibility which the condition labeled "energy crisis" has for the public. Nearly half (48.3 per cent) believe it is not a real problem. Furthermore, of this half a majority believe the energy crisis was "created by the oil companies."

Considering the problem of relaying energy-tied communication, this 30 per cent represents a challenge for which simple communication of information will not suffice. Persuasive communication to change energy-wasteful practices may need to concentrate on shifting credibility toward the reality of the energy crisis.

Of course, the majority (51.7 per cent) would presu~~m~~mably be responsive to direct information of a how-to-do-it nature.

#3 An effort to establish an opinion norm toward some responsible authority to "help people carpool" revealed a general agreement. Phrased as a Likert type question:

Should Gainesville try to help people carpool?

| Strongly Agree | Agree | Neither | Disagree | Strongly Agree |
|---|---|---|---|---|
|  | 2.173 x |  |  |  |
| 33 | 72 | 33 | 10 | 2 |
| 1 | 2 | 3 | 4 | 5 |

The average response fell at 2.173 on the scale which is well within the "agree" column.

Responses to this and subsequent Likert type questions were calculated by multiplying responses in each category by its index number and dividing by total responses, which provides the average response indexed to the numbered scale.

#10 Opinion toward a carpool matching program, which 54.8 per cent reported having seen or heard about, fell in the agree column:

Do you believe that the carpool matching program is a useful one?

| Strongly Agree | Agree | Neither | Disagree | Strongly Disagree |
|---|---|---|---|---|
| | 2.268<br>X | | | |
| 32 | 83 | 26 | 8 | 6 |
| 1 | 2 | 3 | 4 | 5 |

The question drew responses from 149 respondents which represents 96.1 per cent of the total and nearly double the 54.8 per cent who had heard of the program. The response, thus, measures not the existing program but the idea of such a program. People agree that a carpool matching program is a good idea.

#11 People generally (about 80 per cent) would prefer to carpool with friends. Though nearly 42 per cent would carpool with strangers, and 16 per cent would not carpool even with friends.

Would you participate in a carpool involving:

| | | |
|---|---|---|
| Friends | Yes | 79.4% |
| | No | 16.1% |
| Strangers: | Yes | 41.9% |
| | No | 49.7% |

#14 Opinions about monetary incentive toward carpooling reflect some anomalies, but generally a moderate increase in transportation cost would prompt more people to carpool. In the June self administered survey, questionnaries randomly varied the cost of gasoline from 60 cents, 80 cents, $1.00, and $1.20. In each case about 25 percent indicated they would "attempt to carpool" if gasoline increased to that amount. This question unfortunately did not provide a continuum choice which would have indicated how great an incentive money is.

In the October survey the least amount of increase proved to be incentive enough for most people:

As the price of gasoline continues to rise, at what point would you join a carpool?

$ .70 - 41.9%
$ .80 - 16.1%
$ .90 - 3.9%
$1.00 - 14.2%
$1.20 - 9.0%

The greatest number of people would find 70 cent gasoline sufficient motive to join a carpool. Sixteen per cent would hold out for 80 cent gasoline, and 3.9 per cent for 90 cent, etc. Presumably, those whom a moderate increase would not motivate* would find little added incentive until gasoline would reach $1.00. Again, nine per cent would resist carpooling until they had to pay $1.20 per gallon. These findings of course assume the present economic index. With increased inflation higher gasoline prices would have to be reinterpreted.

#25 Opinion toward bus transportation indicates a moderate inclination to use a bus at fares between 20 cents and 25 cents one way. Based on transit fares in effect at the time, the question asked,

If a clean and modern public bus system were available, with fares between 20 and 25 cents for a one way trip to your place of work, would you use it?

| Definitely | Probably | | Undecided | Probably Not | Definitely Not |
|---|---|---|---|---|---|
| 45 | 54 | 3.70 X | 14 | 27 | 7 |
| 5 | 4 | X 3.51 | ~~4~~ 3 | 2 | 1 |
| (30.6%) | (36.7%) | | (9.5%) | (18.4 %) | (4.8%) |

This question was repeated from a June survey and reveals an increased tendancy toward use of buses, with the shift from 3.51 to 3.70 on the scale.

* These would perhaps include outside salesmen and others who use their auto in their work.

Perhaps a better indication of opinion toward bus use is found in the percentage figures in parentheses below each category. While those disinclined or neutral represent a total of 32.7 per cent, a total of 67.3 per cent are probably or definitely inclined to use the bus.

#26 At $10 per month to use the bus, opinion seems quite evenly divided:

If it were possible to obtain unlimited use of a public bus system of $10 per month would you make use of this service?

| Definitely | Probably | | Undecided | Probably Not | Definitely Not |
|---|---|---|---|---|---|
| 23 | 45 | 2.93<br>X | 20 | 45 | 18 |
| 1 | 2 | | 3 | 4 | 5 |

Since 25 cents one way over a 20 work day month equals $10, the shift in these two questions may be a semantic one.

The average response stood at 2.93

## 2. Media Patterns:

The effect of a media campaign is of concern to those who work with media, public relations or public information programs. How many people knew about carpooling and the transit system? How did people find out about them? How do people get their news information generally? These are the questions to which the survey sought answers.

Over half of respondents were aware of information to encourage carpooling. But 43.9 per cent were not aware of such information.

"Have you seen or heard anything to encourage carpooling?

| | |
|---|---|
| Yes | 85 (54.8%) |
| No | 68 (43.9%) |

The transit system had a higher recognition rate at 75.81 per cent. One reason for the higher recognition factor may be the physical presence of the buses on the streets.

"Have you seen or heard anything about the Regional Bus System?"

| | |
|---|---|
| Yes | 116 (75.81%) |
| NO | 37 (24.18%) |

Sources of information varied for carpooling and the bus system. The pattern suggests a bias may have occurred in the order of sources presented since the first mentioned drew heaviest response in both cases. The first mentioned also drew the heaviest response in a questionnaire on the "most important source of information." One explanation may be that bus schedules require the type of information best suited to newspapers, which would account for a higher newspaper rate for bus system information. Also in the media campaign the bus system made greater use of newspaper publicity and the carpool used radio and television publicity to a greater degree than other media.

## SOURCE OF INFORMATION

| CARPOOLING | Number | Per Cent | TRANSIT SYSTEM | Number | Per Cent |
|---|---|---|---|---|---|
| TV | 25 | 29.70 | Newspaper | 48 | 40.00 |
| Radio | 27 | 32.14 | Radio | 11 | 9.16 |
| Newspaper | 13 | 15.47 | TV | 11 | 9.16 |
| Posters | 8 | 9.52 | Posters | 13 | 10.83 |
| Word of Mouth | 4 | 4.76 | Friends | 12 | 10.00 |
| Other | 7 | 8.33 | Other | 25 | 20.83 |
| Total | 84 | | | | |

Most important source of information:

| | Number | Per Cent |
|---|---|---|
| Television | 67 | 45.27 |
| Radio | 21 | 14.18 |
| Newspapers | 44 | 29.72 |
| Magazines | 5 | 3.38 |
| Friends | 4 | 2.70 |
| More than one | 7 | 4.72 |
| | 148 | |

A survey conducted the same term by another class in the College of Journalism asked a similar question but recorded different results.[4]

The question: I'd like to ask you where you usually get most of your news - from the newspaper or radio or television or magazine or talking to people? What about for

| | | None | Radio | TV | Magazine | People | Other | SUN |
|---|---|---|---|---|---|---|---|---|
| a. | Local News | 1.3 | 17.4 | 18.1 | .4 | 2.0 | 10.7 | 49.9 |
| b. | State News | 1.6 | 13.6 | 35.4 | .4 | 1.6 | 11.0 | 36.5 |
| c. | National News | .7 | 4.4 | 48.1 | 5.8 | 1.3 | 8.5 | 26.2 |
| d. | International News | 2.0 | 8.7 | 49.0 | 5.4 | 1.3 | 9.2 | 24.4 |

To aid in comparing these findings for most important source of news each medium drew these responses:

| | Radio | TV | Magazine | People | Newspaper |
|---|---|---|---|---|---|
| Averaged: | 10.2% | 37.65% | 3.0% | 1.5% | 44.10% |
| Carpool survey findings | 14.8 | 45.27 | 3.38 | 2.7 | 29.72 |

## 3. Replication of Previous Survey Questions.

One major advantage of this study was the opportunity to measure the effect of a media campaign to promote carpooling and transit use. Since the survey conducted in June established norms in attitudes, this survey attempted to measure any shifts from the previous survey results.

The reader should be aware that a rigorous experimental method could not be used in this type study and that no control for independent variables was possible. Shift in attitude is simply measured with no attempt to attribute cause. For example, in addition to the local media campaign, other influences that might have contributed to attitude shift include national carpooling advertisements, fluxuation in gasoline prices, and national media coverage of energy related events.

The following Likert type questions were repeated from the survey conducted in the summer 1975. Index numbers are located on the scales with an arrow indicating change from first to second survey:

"If asked by your employer to voluntarily participate in a carpool which required you to leave your home 15 minutes sooner than your current departure time, you would:

2.59 X → 3.64 X

| Strongly Agree | Agree | Neither | Disagree | Strongly Disagree |
|---|---|---|---|---|
| 23 | 76 | 18 | 12 | 10 |
| 1 | 2 | 3 | 4 | 5 |

"In general, the concept of carpooling is a poor idea and will probably never be accepted by today's drivers"

3.14 X → 3.61 X

| Strongly Agree | Agree | Neither | Disagree | Strongly Disagree |
|---|---|---|---|---|
| 4 | 31 | 15 | 66 | 32 |
| 1 | 2 | 3 | 4 | 5 |

Previous Survey

"As the price of gasoline continues to rise, at what point would you join a carpool?"

|  |  | Number | Percent |
|---|---|---|---|
| Previous % | 70¢ | 65 | 49.24 |
| 25.4 | 80¢ | 25 | 18.93 |
|  | 90¢ | 6 | 4.54 |
| 26.8 | $1 | 22 | 16.66 |
| 21.2 | $1.20 or more | 14 | 10.60 |

The previous survey which was self administered varied the price on different questionnaires so the respondent had only one price at which to decide whether that price would be motivation enough to carpool.

One question was repeated concerning the Regional Transit System: "If a clean and modern public bus system were available, with fares between 20 and 25 cents for a one way trip to your place of work, would you use it?"

| Definitely | Probably | | Undecided | Probably Not | Definitely Not |
|---|---|---|---|---|---|
| 45<br>5<br>(30.6%) | 54<br>4<br>(36.7%) | 3.70<br>X ↖<br>X<br>3.51 | 14<br>3<br>(9.5%) | 27-<br>2<br>(18.4%) | 7<br>1<br>(4.8%) |

Previous survey

Note that index numbers have been revised to comply with previous survey system.

Perhaps the most significant finding from a comparison of the first and second survey is the percentage increase in reported carpooling.

Because of a difficulty in defining carpooling as two persons riding together both surveys included two categories which both comply with the accepted definition of carpooling: "carpool" and "ride with family member." Only by combining these would the semantic problem be solved.

In the first survey responses to these questions found 7.57 per cent reporting they carpool and 7.66 per cent reporting they ride with a family member. Combining these responses yields a total of 15.23 per cent who customarily "carpool."

The second survey repeated the same question and found 16.2 per cent reported they ride with family member and 6.0 per cent reported they carpool. Combined, these yield a total of 22.2 per cent for an increase in reported carpooling of 6.97 per cent from the first to second survey.

In both surveys the question specifically asked for usual means of transportation to work. Some responses were closely comparable, 53.78 per cent and 53.8 per cent on the two surveys reported they ride alone, and 6.88 per cent and 6.8 per cent reported they walk.

An increase from 15.23 per cent to 22.7 per cent who reported carpooling must be regarded as a significant change.

Perhaps the most important observation to be made from this replication of the previous study is that there was only one negative shift in attitude. The question about leaving home 15 minutes earlier to use a carpool shifted from a mild agreement when self administered by employees to a mild disagreement when administered to a sample of the total population. In all other cases attitudes were more favorable toward both carpooling and mass transit.

The reader must note, however, that precise correspondence of the two samples is lacking and that the difference may reflect a sample difference only. With the probability of the sample here reported matching the population at the 95 percentile level, the applicability of these attitudes to the general city population is fairly high.

### 4. Measure of awareness of the Carpool Matching Program.

Responses to the questions were as follows:

Did you attempt to participate in the carpool matching system?

| | | |
|---|---|---|
| Yes | 7 | (4.5%) |
| No | 135 | (95.5%) |

If yes, did you receive a letter and one or more names to form a carpool?

| | | |
|---|---|---|
| Yes | 3 | (1.9%) |

If yes, did you attempt to carpool?

| | | |
|---|---|---|
| Yes | 1 | (0.6%) |

If yes, were your efforts successful?

| | | |
|---|---|---|
| Yes | 1 | (0.6%) |

Do you now or have you ever participated in a carpool in Alachua County?

| | | |
|---|---|---|
| Yes | 34 | (21.9%) |

| | | |
|---|---|---|
| If yes, before August 4th | 25 | (71.4%) |
| after August 4th | 4 | (11.4%) |
| Reported both | 6 | (17.1%) |

Stated reasons for not attempting to carpool.

| | | |
|---|---|---|
| 1. | Schedule conflicts | 11 |
| 2. | Retired - no need - unemployed | 7 |
| 3. | Inconvenience | 23 |
| 4. | Bicycle or walk | 12 |
| 5. | No car | 5 |
| 6. | No one to carpool with | 10 |
| 8. | Use car in work | 7 |
| 9. | Miscellaneous | 4 |

## 5. Demographic Characteristics

Crosstabulations of carpool and bus users reveal no unexpected relationships. Numbers of respondents appearing in cells indicate trends but these trends are not statistically significant.

See C-1

The largest occupational segment using either bus or carpool is the "professional" category, with 23 per cent of carpoolers. Throughout all occupational groups, more people carpool than ride the bus by a ratio of three to one 76.5 to 23.5 per cent). Students, University of Florida staff, and "others" are the heaviest bus users, but they are even heavier carpool users. Three times as many University of Florida staff, and "others" use carpools as use the bus, and twice as many students use carpools as use the bus.

Statistical analysis of occupational cell frequencies produced a $X^2$ of 4.976 with six degrees of freedom and a probability of a significant relationship between cells at a low 0.5468. This may be interpreted to mean that the occurrence of these frequencies is not significantly higher than would occur by chance alone.

Crosstabulation of sex and race with bus and carpool use also reveal very low correlation. Neither male nor female nor black nor white is more inclined to use or not use either form of energy saving transportation. Chi square for sex was an extremely low .00057 and for race a low 1.332.

See C-2

Actual cell frequencies reveal five white bus riders to three black riders, a ratio that conflicts rather markedly with casual observation of bus users. This suggests that the high degree of refusals to participate in the survey among blacks may have distorted the findings, and suggests that black opinion may not have been adequately represented in the survey.

See C-3

Crosstabulation by age reveals a concentration of both bus and carpool users in the age groups from 20 to 30. Contrary to the over all crosstabulation trends, there were more bus users than carpoolers in one group, the 45 to 65 age group.

See C-4

Income groups also revealed a heavier bus use in the under $5,000 and over $25,000 annual family income groups. Heaviest carpool users were in the $5,000 to $15,000 groups which accounted for 66.6 per cent of carpoolers. No bus users were represented in the $10,000 to $25,000 income categories.

See C-5

See
C-6

Auto ownership patterns, as might be expected, revealed both bus use and carpooling declined with increase in the number of autos owned. Only slightly more one auto owners use the bus or carpool than those who own no auto.

Statistical analysis of all demographic data indicate a very low relationship between existing patterns of bus or carpool use than what would be expected by chance alone. Thus no significant pattern of usage can be measured that would indicate any one of these demographic categories is more or less representative of either bus or carpool users than any other. While difference in demographic patterns of use of energy saving transportation occur, these differences are not statistically significant.

Appendix 3 describe the demographic characteristics of both transit users and carpoolers. Carpoolers represent both those reporting they ride with a member of their family and those who report participating in a "carpool."

## CONCLUSION

Comparing the results of this survey with the results to the same questions used in an earlier survey provided an unusual opportunity to measure the effects of publicity. The major finding of this replication showed that opinions toward both carpooling and mass transit use shifted in the direction promoted through the media in all but one case (willingness to leave home 15 minutes earlier than usual).

The concept of carpooling seems a better idea to people in the second survey than the first. The smallest rise in gasoline price provided motive enough for most people to indicate they would join a carpool. Nearly 50 per cent would be so motivated by a rise to 70 cents per gallon.

Response to an available bus system increased with a majority of 67.3 per cent responding they would use the system.

One negative shift resulted in response to the question, "If asked by your employer to voluntarily participate in a carpool which required you to leave your home 15 minutes sooner than your current departure time, would you?" The average response shifted from between neutral and agree to between neutral and disagree. One might speculate that the "employee" sample in the first survey might be more inclined to agree to an employer suggestion than people in the general population.

Specific measures of opinion on transportation generally -- the energy crisis and carpooling and mass transit as solutions -- registered consistently sympathetic responses. Most people perceive the energy crisis as "real" (51 per cent); yet nearly 30 per cent believe it was brought on by the oil companies. This suggests that a significant number of people find it easier to place blame than to find a solution.

Most people believe some responsible authority should "help people carpool" which means people are more in favor of the idea than they are willing to act on it, as we discover when we compare this finding with those who attempted to form a carpool.

Again most felt "the carpool matching program is a useful one." People would prefer to carpool with friends, though nearly half say they would carpool with strangers. Only 16 per cent would not carpool even with friends.

People learned about carpooling and mass transit generally according to the media emphasis chosen by those who placed publicity. Television and radio made up nearly 60 per cent of information sources on carpooling, while newspaper amounted to 40 per cent of information about mass transit with radio and TV providing less than 10 per cent each.

The success of the media campaign may be judged by the finding that 54.8 per cent had "heard or seen" something to encourage carpooling.

The transit system scored a 75.8 per cent recognition factor. However physical presence of the buses may have led to a higher recognition factor.

Actual carpooling increased from 15.23 per cent reported from the first survey to 22.2 per cent in the followup. The change represents nearly a 7 per cent increase (6.97).

# APPENDIX A

## NORTH CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
## TRANSPORTATION MEDIA CAMPAIGN
## EFFECTIVENESS SURVEY

1-2 Interviewer ______________________ # (   )

3-5 Questionnaire # (   )

6-8 Verification $ (   )

9 1. Have you resided in Gainesville or Alachua County for the past three months?

Yes (155 )
1
No ( 3 ) (If no, discontinue the interview)
2

10 2. Do you believe the energy crisis is:

a real problem ( 76 ) (51.7%)
1
or
was it created by the oil companies ( 44 ) (29.93%)
2
or
is there some other explanation ( 27 ) (18.36%)
3

Will you refer to this card to answer this next question.

11 3. Should Gainesville try to help people carpool?

| SA | A | N | D | SD |
|---|---|---|---|---|
| ( 33 ) | ( 72 ) | ( 33) | ( 10 ) | ( 2 ) |
| 1 | 2 | 3 | 4 | 5 |

12 4. Have you seen or heard anything to encourage carpooling?

Yes ( 85 ) (54.8%)
1
No ( 68 ) (43.9%)
2

13-18 5. If yes, was it:

( 25 ) TV (29.76%)
1
( 27 ) Radio (32.14%)
2
( 13 ) Newspaper (15.47%)
3
( 8 ) Posters (9.52%)
4
( 4 ) Word of mouth (4.75%)
5
( 7 ) Other (8.33%)
6

19 6. Did you attempt to participate in the carpool matching system?

Yes ( 7 ) (4.5%)
1
No (135 ) - What was the main reason for not attempting to carpool? ____________
2
____________
____________

20 7. Did you receive a letter and one or more names to form a carpool?

Yes ( 3 )
1
No ( )
2

21 8. Did you attempt to form a carpool?

Yes ( 1 )
1
No ( ) - If not, why not? ____________
2
____________
____________

22 9. Were your efforts successful?

Yes ( 1 )
1
No ( ) - Why not? ____________
2
____________
____________

Will you refer to the card again to answer this next question?

23 10. Do you believe that the carpool matching program is a useful one?

| SA | A | N | D | SD |
|---|---|---|---|---|
| ( 32 ) | ( 83 ) | ( 26 ) | ( 8 ) | ( 6 ) |
| 1 | 2 | 3 | 4 | 5 |

24. 11. Would you participate in a carpool involving:

Friends? Yes ( 123) (79.4%)
1
No ( 25) (16.1%)
2
Strangers? Yes ( 65) (41.9%)
3
No ( 77) (59.7%)
4

25. 12. Do you now or have you ever participated in a carpool in Alachua County?

Yes ( 34 ) (21.9%)
1
No (119 ) (76.8%)
2

26. 13. If yes,

a) Before August 4th (25 ) c) Both ( 6 )
1 3
b) After August 4th ( 4 )
2

27. 14. If a carpool were just a matter of saving money how much would you have to save per month to make it worthwhile?

$5 (42 ) (27.1%)
1
$10 (20 ) (12.9%)
2
$15 (21 ) (13.5%)
3
$25 (28 ) (18.1%)
4
$50 (50 ) (12.3%)
5

Use the card to answer the next two questions.

28. 15. If asked by your employer to voluntarily participate in a carpool which required you to leave your home 15 minutes sooner than your current departure time you would:

| SA | A | N | D | SD |
|---|---|---|---|---|
| ( 5 ) | ( 24 ) | ( 33 ) | ( 42 ) | ( 51 ) |
| 1 | 2 | 3 | 4 | 5 |

29. 16. In general, the concept of carpooling is a poor idea and will probably never be accepted by today's drivers.

| SA | A | N | D | SD |
|---|---|---|---|---|
| (4 ) | (31 ) | (15 ) | ( 66) | ( 32) |
| 1 | 2 | 3 | 4 | 5 |

30. 17. As the price of gasoline continues to rise, at what point would you join a carpool?

| | | |
|---|---|---|
| 70¢ a gallon | (65 ) | 1 |
| 80¢ a gallon | (25 ) | 2 |
| 90¢ a gallon | ( 6 ) | 3 |
| $1 a gallon | (22 ) | 4 |
| $1.20 a gallon or more | (14 ) | 5 |

31 18. Which is your most important source of news and information?

| | | |
|---|---|---|
| Television | ( 67) | 1 |
| Radio | ( 21) | 2 |
| Newspapers | ( 44) | 3 |
| Magazines | ( 5 ) | 4 |
| Friends | ( 4 ) | 5 |
| More than one | ( 7 ) | |

32 19. Does Gainesville have a public bus system?

| | | | | | |
|---|---|---|---|---|---|
| Yes | (147) | 1 | Don't know | ( 5 ) | 3 |
| No | ( 1 ) | 2 | No resp. | ( 2 ) | |

33 20. Do you use the Regional Bus System?

| | | |
|---|---|---|
| Yes | (43 ) | 1 |
| No | (110) | 2 |

34 21. If so, how often?

(10 ) Daily
1
(10 ) 2-3 times a week
2
( 3 ) once a week
3
(19 ) three times a month or less
4

35 22. From where you live, how long would it take you to walk to the nearest public bus stop?

(90 ) Less than 5 minutes
1
(28 ) 5-10 minutes
2
(14 ) Over 10 minutes
3
(20 ) Don't know
4

36 23. Have you seen or heard anything about the Regional Bus System?

Yes (116)
1
No ( 37)
2

37-42 24. If yes, where?

( 48) Newspapers
1
( 11) Radio
2
( 11) Television
3
( 13) Posters
4
( 12) Friends
5
( 25) Other ______________________________
6
( 5 ) more than 3.2

Use the card for the next two questions.

43 25. If a clean and modern public bus system were available, with fares between 20 and 25¢ for a one way trip to your place of work, would you use it?

| Definitely | Probably | Undecided | Probably not | Definitely not |
|---|---|---|---|---|
| (45) | (54) | (14) | (27) | (7) |
| 1 | 2 | 3 | 4 | 5 |

44 26. If it were possible to obtain unlimited use of a public bus system for $10.00 per month would you make use of this service?

| Definitely Would Use | Probably Would Use | Undecided | Probably Wouldn't Use | Definitely Wouldn't Use |
|---|---|---|---|---|
| (23) | (45) | (20) | (45) | (18) |
| 1 | 2 | 3 | 4 | 5 |

45 27. Do you work in Alachua County?

(92) Yes
1
(57) No
2

28. Occupation:

| | | |
|---|---|---|
| 46 | University faculty/staff | (15) |
| 47 | Student | (37) |
| 48 | Construction | (6) |
| 49 | Retail | (8) |
| 50 | Professional | (19) |
| 51 | Unemployed/Retired | (20) |
| 52 | Government | (8) |
| 53 | Other | (38) |
| 54 | Refused | (8) |

29. Use only to confirm information

Name: ______________________________

Address: __________________________ Phone: ________________________

55 30. Male ( 74 ) Female ( 78 )
1 2

56 31. Race: ( 123 ) White ( 1 ) Oriental
1 3
( 27 ) Black ( ) Other
2 4

57 32. Please check your age category.

( 7 ) 16-19 Years 4.5% ( 15 ) 35-44 Years 9.7%
1 5
( 49 ) 20-24 Years 31.6% ( 29 ) 45-64 Years 18.7%
2 6
( 27 ) 25-29 Years 17.4% ( 16 ) 65 years or over 10.3%
3 7
( 8 ) 30-34 Years 5.2%
4

58 33. Please check the category which most closely approximates your total family income.

( 39 ) Under $5,000 25.2% ( 21 ) $15,000 to $24,999 13.5%
1 4
( 30 ) $5,000 to $9,999 19.4% ( 21 ) $25,000 and over 13.5%
2 5
( 20 ) $10,000 to $14,999 12.9%
3

59 34. How many cars does your family own or lease?

( 61 ) ( 29 ) ( 8 ) ( 3 ) ( 1 )
1 2 3 4 5

60 35. How do you usually get to work?

( 8 ) Walk ( 0 ) Motorcycle ( 7 ) Carpool
1 5 8
( 12 ) Bicycle ( 63 ) Auto-Drive alone ( 37 ) Other - Spec
2 6 9
( 8 ) Public Bus ( 19 ) Auto-Ride with a member of my household ______________
3 7
( 0 ) Taxi
4

61 36. Using your usual modes of transportation, approximately how long does it take you to get to your place of employment?

(50 ) 5-10 minutes
1
(36 ) 11-15 minutes
2
(18 ) 16-20 minutes
3

( 6 ) 21-25 minutes
4
( 2 ) 26-30 minutes
5
( 8 ) Over 30 minutes
6

# APPENDIX B

## Backstorm and Hursh Chart

| Number of Men | Number of Adults in Housing Unit | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | 4 |
| 0 | Adult | Youngest Woman | Middle Woman | 2nd Oldest Woman |
| 1 | Adult | Woman | Oldest Woman | Middle Woman |
| 2 | | Oldest Men | Woman | Oldest or Youngest Man |
| 3 | | | Middle Man | Middle Man |
| 4 | | | | 2nd Oldest Man |

The interviewer would determine how many adults (in this case, 16 and over) living in the household. Assuming there were three, the interviewer would draw a vertical line down through the "3" column. He would then determine the number of men residing in the household. Assuming there was one he would then draw a horizonal line across the "1" category. Where the two lines crossed would be the person interviewed. In this case the "oldest woman" would be interviewed. A A different randomly constructed chart was used with each housing unit to increase randomness of each step in the selection process.

```
NORTH CENTRAL FLCRIDA PLAN COUNCIL CARPOOL MEDIA CAMPAIGN STUDY                                  02/18/76      PA
FILE    NONAME    (CREATION DATE = 02/18/76)
* * * * * * * * * * * * * * * * * * *   C R O S S T A B U L A T I O N   O F   * * * * * * * * * * * * * * *
      OCCUP                                                            BY   VAR053     USUAL TRANSPORTATION
* * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * *     PAG

                          VAR053
               COUNT    I
               ROW PCT  IBUS       CARPOOL     ROW
               COL PCT  I                      TOTAL
               TOT PCT  I       3  I       7  I
OCCUP          --------I---------I---------I
                     1  I       2  I       6  I       8
   UF                   I    25.0  I    75.0  I    23.5
                        I    25.0  I    23.1  I
                        I     5.9  I    17.6  I
                       -I---------I---------I
                     2  I       2  I       4  I       6
   STUDENT              I    33.3  I    66.7  I    17.6
                        I    25.0  I    15.4  I
                        I     5.9  I    11.8  I
                       -I---------I---------I
                     4  I       0  I       1  I       1
   RETAIL               I     0.0  I   100.0  I     2.9
                        I     0.0  I     3.8  I
                        I     0.0  I     2.9  I
                       -I---------I---------I
                     5  I       1  I       8  I       9
   PROFESSICNAL         I    11.1  I    88.9  I    26.5
                        I    12.5  I    30.8  I
                        I     2.9  I    23.5  I
                       -I---------I---------I
                     6  I       1  I       0  I       1
   UNEMPL-RETIRED       I   100.0  I     0.0  I     2.9
                        I    12.5  I     0.0  I
                        I     2.9  I     0.0  I
                       -I---------I---------I
                     7  I       0  I       1  I       1
   GOVT                 I     0.0  I   100.0  I     2.9
                        I     0.0  I     3.8  I
                        I     0.0  I     2.9  I
                       -I---------I---------I
                     8  I       2  I       6  I       8
   OTHER                I    25.0  I    75.0  I    23.5
                        I    25.0  I    23.1  I
                        I     5.9  I    17.6  I
                       -I---------I---------I
                COLUMN          8         26          34
                TOTAL        23.5       76.5       100.0

RAW CHI SQUARE =       4.97649 WITH      6 DEGREES OF FREEDOM.  SIGNIFICANCE =   0.5468
CRAMER'S V =    0.38258

NUMBER OF MISSING OBSERVATIONS =     121
```

```
NORTH CENTRAL FLCRICA PLAN COUNCIL CARPOCL MEDIA CAMPAIGN STUDY                   02/18/76
FILE    NCNAME    (CREATION DATE = 02/18/76)

* * * * * * * * * * * * * * * * * * *   C R O S S T A B U L A T I O N   O F   * * * * * * * * * * *
     VAR048      SEX                                              BY   VAR053      USUAL TRANSPORTATION
* * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * *  P

                     VAR053
            CCUNT    I
          ROW PCT    IBUS         CARPOOL      ROW
          COL PCT    I                         TOTAL
          TOT PCT    I      3  I        7  I
VAR048     --------  I---------I-----------I
                1    I      3  I       12  I      15
  MALE               I   20.0  I     80.0  I    44.1
                     I   37.5  I     46.2  I
                     I    8.8  I     35.3  I
                    -I---------I-----------I
                2    I      5  I       14  I      19
  FEMALE             I   26.3  I     73.7  I    55.9
                     I   62.5  I     53.8  I
                     I   14.7  I     41.2  I
                    -I---------I-----------I
           COLUMN           8          26         34
            TOTAL        23.5        76.5      100.0

CORRECTED CHI SQUARE =       0.00057 WITH 1 DEGREE CF FREEDCM.  SIGNIFICANCE =  0.9809
PHI =      0.07393

NUMBER CF MISSING CBSERVATIONS =    121
```

```
NORTH CENTRAL FLCRICA PLAN COUNCIL CARPOOL MEDIA CAMPAIGN STUDY                                02/18/76
FILE    NCNAME    (CREATION DATE = 02/18/76)

* * * * * * * * * * * * * * * * *   C R O S S T A B U L A T I C N   O F   * * * * * * * * * * *
    VARC49    RACE                                                    BY  VAR053    USUAL TRANSPORTATION
* * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * *   P

                    VAR053
          COUNT    I
         ROW PCT   IEUS          CARPOOL      ROW
         COL PCT   I                          TOTAL
         TOT PCT   I       3   I       7   I
VAR049   ----------I---------I---------I
              1    I       5   I      23   I     28
  WHITE            I    17.9   I    82.1   I   82.4
                   I    62.5   I    88.5   I
                   I    14.7   I    67.6   I
                  -I---------I---------I
              2    I       3   I       3   I      6
  BLACK            I    50.0   I    50.0   I   17.6
                   I    37.5   I    11.5   I
                   I     8.8   I     8.8   I
                  -I---------I---------I
         COLUMN            8          26         34
          TOTAL         23.5        76.5      100.0

CORRECTED CHI SQUARE =       1.33202 WITH 1 DEGREE CF FREEDCM.   SIGNIFICANCE =   0.2484
PHI =      0.28887

NUMBEF CF MISSING CBSERVATIONS =     121
```

## NORTH CENTRAL FLORIDA PLAN COUNCIL CARPOOL MEDIA CAMPAIGN STUDY

```
                     COUNT   I
                     ROW PCT I           CARPOOL          ROW
                     COL PCT I                            TOTAL
VAR050               TOT PCT I      3   I      7   I
                    ---------I----------I----------I
                           1 I      1   I      1   I        2
 16-19                       I   50.0   I   50.0   I      5.9
                             I   12.5   I    3.8   I
                             I    2.9   I    2.9   I
                             -I---------I----------I
                           2 I      1   I      9   I       10
 20-24                       I   10.0   I   90.0   I     29.4
                             I   12.5   I   34.6   I
                             I    2.9   I   26.5   I
                            -I----------I----------I
                           3 I      3   I      9   I       12
 25-29                       I   25.0   I   75.0   I     35.3
                             I   37.5   I   34.6   I
                             I    8.8   I   26.5   I
                            -I----------I----------I
                           4 I      0   I      2   I
 30-34                       I    0.0   I  100.0   I
                             I    0.0   I    7.7   I
                             I    0.0   I    5.9   I
                            -I----------I----------I
                           5 I      0   I      3   I        3
 35-44                       I    0.0   I  100.0   I      8.8
                             I    0.0   I   11.5   I
                             I    0.0   I    8.8   I
                            -I----------I----------I
                           6 I      3   I      2   I        5
 45-64                       I   60.0   I   40.0   I     14.7
                             I   37.5   I    7.7   I
                             I    8.8   I    5.9   I
                            -I----------I----------I
                           7 I      0   I      2   I        2
 65+                         I    0.0   I  100.0   I      5.9
                             I    0.0   I    7.7   I
                             I    0.0   I    5.9   I
                            -I----------I----------I
                      COLUMN        8         26           34
                       TOTAL     23.5       76.5        100.0
```

```
NORTH CENTRAL FLCRICA PLAN COUNCIL CARPOOL MEDIA CAMPAIGN STUDY                    02/18/76
FILE    NONAME    (CREATICN DATE = 02/18/76)

* * * * * * * * * * * * * * * * * *   C R O S S T A B U L A T I O N   O F   * * * * * * * * * * * *
    VAR051     FAM INCCME                                        BY  VAR053     USUAL TRANSPORTATION
* * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * *

                   VAR053
            COUNT  I
          ROW PCT  IEUS       CARPOOL     ROW
          COL PCT  I                      TOTAL
          TOT PCT  I      3  I      7  I
VAR051    --------I---------I---------I
                 1 I      3  I      2  I      5
  UNDER$5000       I   60.0  I   40.0  I   16.1
                   I   42.9  I    8.3  I
                   I    9.7  I    6.5  I
                  -I---------I---------I
                 2 I      2  I      8  I     10
  5,000-9,999      I   20.0  I   80.0  I   32.3
                   I   28.6  I   33.3  I
                   I    6.5  I   25.8  I
                  -I---------I---------I
                 3 I      0  I      8  I      8
  10,000-14,999    I    0.0  I  100.0  I   25.8
                   I    0.0  I   33.3  I
                   I    0.0  I   25.8  I
                  -I---------I---------I
                 4 I      0  I      5  I      5
  15,000-24,999    I    0.0  I  100.0  I   16.1
                   I    0.0  I   20.8  I
                   I    0.0  I   16.1  I
                  -I---------I---------I
                 5 I      2  I      1  I      3
  25,000+          I   66.7  I   33.3  I    9.7
                   I   28.6  I    4.2  I
                   I    6.5  I    3.2  I
                  -I---------I---------I
           COLUMN         7        24        31
            TOTAL      22.6      77.4     100.0

RAW CHI SQUARE =     11.16983 WITH     4 DEGREES OF FREEDCM.  SIGNIFICANCE =  0.0247
CRAMER'S V =  0.60026

NUMBER CF MISSING CBSERVATIONS =     124
```

```
NORTH CENTRAL FLORIDA PLAN COUNCIL CARPOOL MEDIA CAMPAIGN STUDY                         02/18/76
FILE    NONAME    (CREATION DATE = 02/18/76)

* * * * * * * * * * * * * * * * * * *   C R O S S T A B U L A T I O N   O F   * * * * * * * * * * * * *
      VAR052    FAM AUTOS                                          BY   VAR053    USUAL TRANSPORTATION
* * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * P

                     VAR053
            COUNT   I
          ROW PCT   IBUS       CARPOOL     ROW
          COL PCT   I                     TOTAL
          TOT PCT   I      3  I       7  I
VAR052     --------I--------I--------I
                1   I      4  I       8  I     12
   NONE             I   33.3  I    66.7  I   35.3
                    I   50.0  I    30.8  I
                    I   11.8  I    23.5  I
                   -I--------I--------I
                2   I      2  I      11  I     13
   ONE              I   15.4  I    84.6  I   38.2
                    I   25.0  I    42.3  I
                    I    5.9  I    32.4  I
                   -I--------I--------I
                3   I      0  I       5  I      5
   TWO              I    0.0  I   100.0  I   14.7
                    I    0.0  I    19.2  I
                    I    0.0  I    14.7  I
                   -I--------I--------I
                4   I      1  I       2  I      3
   THREE            I   33.3  I    66.7  I    8.8
                    I   12.5  I     7.7  I
                    I    2.9  I     5.9  I
                   -I--------I--------I
                5   I      1  I       0  I      1
   FOUR+            I  100.0  I     0.0  I    2.9
                    I   12.5  I     0.0  I
                    I    2.9  I     0.0  I
                   -I--------I--------I
           COLUMN          8         26        34
            TOTAL       23.5       76.5     100.0

RAW CHI SQUARE =      6.06903 WITH      4 DEGREES OF FREEDOM.  SIGNIFICANCE =   0.1941
CRAMER'S V =   0.42249

NUMBER OF MISSING OBSERVATIONS =     121
```

# REFERENCES

1. Thompson, Ralph B., ed, Florida Stastical Abstract - 1974. 8th ed. Gainesville: University of Florida Press, 1974.

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3. Nie, Norman H. et al., SPSS: Statistical Package for the Social Sciences, II ed. New York: McGraw-Hill Book Co., 1975.